HOUSE OF COMMONS

Treasury Committee

Oral evidence: Consumers' access to financial services, HC 1642

Tuesday 11 December 2018

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Watch the meeting

Members present: Nicky Morgan (Chair); Rushanara Ali; Mr Steve Baker; Colin Clark; Charlie Elphicke; Stewart Hosie; Catherine McKinnell.

Questions 124 - 167

Witnesses

I: Baroness Tyler of Enfield; Lord Bird MBE.

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Examination of Witnesses

Witnesses: Baroness Tyler of Enfield and Lord Bird MBE.

Q124 **Chair:** Thank you both very much indeed for being here for this next part of our inquiry on consumers' access to financial services. We are going to hope to make some speedy progress this morning. I know, Baroness Tyler, you have to go off and chair a House of Lords Committee later on this morning. Perhaps I can just ask you, for the benefit of those watching online as well as in the room, to both introduce yourselves.

Baroness Tyler of Enfield: I am Baroness Tyler. I chaired the Lords Select Committee on Financial Exclusion, which reported in March 2017.

Lord Bird: I am Lord Bird of Notting Hill, where I was born. That is why I have that, not because I have a big posh house there. Does that say it all?

Q125 **Chair:** What did you do at some point in the past?

Lord Bird: I worked with a very good social businessman called Gordon Roddick and Anita Roddick, God bless her, and we started *The Big Issue*. Out of that we grew this enormous business called Big Issue Invest, which is the largest ethical financial investor in Britain.

Q126 **Chair:** You are both eminently qualified to be here this morning. Thank you very much for your time. I wanted to start, Baroness Tyler, with you. Could you begin by summarising the conclusions from the Lords Select Committee on Financial Exclusion?

Baroness Tyler of Enfield: The reason we did the report was that we felt it was deeply unfair that a significant group of people in this country could not get access to some of the standard financial and banking services that the rest of us took for granted, and were forced to rely on extortionately priced and quite often substandard financial products. As we were doing our work, we also felt that the fact the poor pay more—it is this thing called the poverty premium, which we received quite a lot of evidence on—was also pretty outrageous. We found out how much more they were paying particularly for things like accessing credit, which was part of our remit, but also for things like heating their homes and buying basic goods. It became a vicious cycle, which pushed them further into poverty. We also surveyed the landscape in terms of the numbers of bank branches that were closing, ATMs and things like that.

We came up with a raft of recommendations, about 22 in total. I thought I would just highlight very quickly some of the most important ones. We felt there was a need for greater proactivity and leadership from Government and greater coordination across Government, so we made recommendations about having a Minister leading for financial inclusion and a range of other things we felt the Government should do. We had a range of recommendations for the Financial Conduct Authority. Particularly, we wanted to see their remit include a statutory duty to promote financial inclusion. We had things to say about duty of care and those sorts of things.

Secondly, we put a strong focus on various vulnerable groups. There are a number of groups affected by financial exclusion, but we particularly focused on the elderly, people experiencing mental health problems and the disabled. That was primarily because the evidence we received pushed us into those areas. We came up with a range of recommendations there.

Thirdly, we came up with a range of recommendations about basic access to financial services. Particularly, we thought that the Government should require banks to promote basic bank accounts far more proactively than they currently are. As I say, we had things to say about the numbers of bank closures and ATM closures, and how this is particularly affecting older people and those living in rural areas. We felt that was a real problem. We had things to say about the Post Office network, which we felt was doing some useful things but could be doing more in this area, although it was not going to be the overall solution.

Finally, we had quite a lot to say about high-cost, short-term credit. When we actually understood with our own eyes the impact of these types of lending, such as rent to own, and the unbelievably high unauthorised bank overdraft fees, we were quite frankly staggered at some of what we saw. We felt it was completely extortionate. We particularly focused in our recommendations on two of those sectors: unauthorised overdrafts and the rent-to-own sector. I am pleased to say that, since then, things have happened. The FCA has done a number of those things in those areas. There are still other areas of high-cost credit where there is more to do. There is the mid-cost area and all of that. That is a very broad overview. We also had things to say about financial education, the impact of universal credit and all of that. I have just tried to pick out the ones I thought you would be most interested in.

We had the Government's response. Initially, to be frank with you, we were rather disappointed. Of our 22 recommendations, the Government accepted four in total and four partially. Since then, there has been more movement. I have had a meeting with the Economic Secretary and we went through some of our recommendations in more detail. I know the key thing the Government felt they did in response to our report was to set up the Financial Inclusion Policy Forum, and have not one but two Ministers responsible for financial inclusion, which has some issues that we might return to. I know the Financial Inclusion Policy Forum, which I believe has only met twice and does not publish its minutes, has been looking at some of the recommendations we made that did not get accepted the first time round. I will stop there.

Q127 **Chair:** That is really helpful. Thank you very much indeed. We are definitely going to return to a number of the issues that you have just highlighted in the course of taking evidence this morning. You highlighted some of the things that have changed or improved since then, some of the recommendations that have not yet been picked up by Government and those that have. You also mentioned this issue of the poverty premium. I would be interested in evidence from both of you about which groups of consumers are particularly affected by the poverty premium, and how it interacts with the loyalty penalty, which Citizens Advice has recently brought this super-complaint about. Baroness Tyler, do you have a view on who is affected by the poverty premium and the interaction with the loyalty penalty?

Baroness Tyler of Enfield: The evidence we received did not particularly focus on the loyalty penalty, but we received a fair amount of evidence about who was most affected by the poverty premium. It was people with insecure jobs, perhaps in and out of jobs, perhaps unemployed for quite a long time, and renters at the very insecure end of the renting market. We heard a lot from the Child Poverty Action Group about children living with working parents at a very low level of income.

We found from our evidence that the actual size of the poverty premium was in dispute. I know the University of Bristol came up with a report that said it was about £500 a year, whereas Save the Children came up with a report that said it was about £1,200 a year. I am sure it just depends on the definitions and assumptions used. In our report, we talked about £1,000 a year, but we thought that was a huge amount. It is hugely significant for people on very low incomes, who are not able to get good deals. Particularly with utilities, because they are not on direct debit, they do not get good deals. They have to make prepayments for meters and things like that.

It just seemed wrong to us that the people who were worst off, on the lowest incomes, had to pay such a lot of money. When we saw the figures that some people were paying in the rent-to-own sector, perhaps for a fridge, a cooker or a TV, they were just extraordinary. For the three years they were paying it back, they were paying three times over the odds, compared to going in and being able to buy it outright. We were pretty outraged, frankly, at the way the rent-to-own sector operated.

Q128 **Chair:** Lord Bird, do you have anything to add on the poverty premium or the loyalty penalty? The more financially vulnerable are often not able to shop around for deals or are not offered good deals, and therefore get penalised for staying with the same providers. The rest of us are able to go online and find better deals if we feel like moving.

Lord Bird: I cannot really add an awful lot to what Baroness Tyler has said. All I would say is that I come from that sector, in the sense that my mother was one of these people. I have got very interested in what you might call the psychological damage that attends you when you have to go to one of these loan sharks or even to a company like Provident or BrightHouse. The damage is quite enormous, because it makes you feel you are outside of society. You are kind of always chasing after things. I mean people like the doorstep lenders. They come around because they do not trust you.

I have paid an awful lot of attention to this. My mother was one of the worst. You gave her a pound and it would burn a hole in her pocket. She was absolutely terrible. She could not get credit anywhere, because she never paid it back. But you could tell she was a woman always running and running and running. I know many of these people. I have been like this myself. I grew out of it by getting married and getting a straitjacket. Sorry, I am joking.

The point is that we need to be looking at this in a very interesting area, which is in the lives of our children at four, five and six in school. I have proposed that we change the pedagogy of our children's education. I am of the opinion that we should be training our children in systems, the financial system, the debt system and all of that. There is nothing wrong with debt, as long as you can pay it back. We are always amortising the costs. We are always borrowing the future. There is nothing wrong with borrowing the future, as long as you can pay it back. To do that, you need education and the psychological tools to be able to engage and not to be excluded.

As I said, I have concentrated a lot of my effort on trying to work out what intellectual damage is done when people have to go down this route. But, Baroness Tyler, you have covered almost everything. I will have to read your report now, will I not?

Q129 **Chair:** I am sure it is required reading. We took evidence from Sian Williams, director at Toynbee Hall, who talked about regional inequalities. She particularly highlighted rural areas and the difficulties there: the last cash machine, Post Office or bank closing in a rural area. We are going to come on to bank branch closures. Baroness Tyler, did your report at all cover different regions or parts of the country?

Baroness Tyler of Enfield: We certainly made reference to different regions, different parts of the country and how people were affected in different ways. We did not do a detailed regional analysis. It might have been quite good if we had, but we did not. I was very struck by something I read in June this year. Which? produced a very good report about bank closures and which banks have closed the most, going through by region.

Chair: That is interesting.

Baroness Tyler of Enfield: I have to say that I found it excellent. This came out after we had finished. The only thing I would add is that we had a number of Committee members who came from or had a lot of affinity with rural areas. There was real concern about the impact of bank closures in rural areas. This has been quoted in one of the reports, but we were given the example of an 83-year-old lady with osteoarthritis who found that, to get to her bank—she did want to go to her bank and she did want some face-to-face assistance—it was over a 30-mile journey on multiple buses.

Chair: It is impossible.

Baroness Tyler of Enfield: It was impossible for her. She tried. Frankly, it is completely unacceptable. From my perspective, particularly for the most vulnerable, particularly for the elderly, those with disabilities and others, access to face-to-face banking and financial services, when that is what they need, should be seen as a right.

Lord Bird: We have done some work in coastal communities, where you do have that great similarity. We have been talking to people from the Royal National Lifeboat Institution, because they are everywhere. They are really interested in the knock-on effect—what you might call the poverty echo—of the removal of financial services, libraries and all the other things that help people balance and stay balanced in a community. I would extend this rural aspect to coastal communities.

Chair: That is a really good point.

Q130 **Stewart Hosie:** Lord Bird, this inquiry is focusing mainly on consumers' access to financial services, including those who remain unbanked because they cannot access a bank account. In your experience, how difficult is it for people who are in unstable housing to open or maintain a bank account?

Lord Bird: It is quite dreadful. When we first started *The Big Issue* 27 years ago, one of the first things we instituted was a kind of banking deposit scheme, where people left money with us and we returned it to them as and when. There was very little opportunity. It is very difficult to get any form of credit profile or banking profile if you are moving around. I have to say that, in Manchester, Lloyds is changing, and it will be doing the same with us in Cardiff, in our office down there. Lloyds is educating its staff to understand that, when somebody comes in who may be from a rather unstable housing background, if they arrive with a letter from their social worker, on the basis that they have a social worker, it is possible to offer them the same facilities you would offer anybody else.

But there is a real problem, and it is the elephant in the room, which is that we are going towards algorithmic interventions around banking. Nobody really wants to handle the kind of people you have to sit down and have a face-to-face meeting with. That is happening for all sorts of people, not just the poorest and the most excluded. I would also like to say that we have looked very carefully at how we can add to this situation. You can have a credit profile, a banking profile, but that is predicated on having a digital footprint. That is one of the reasons I brought in the creditworthiness Bill. They are all tied together.

Can I present to the Committee an image that is always in my mind when I talk about people in poverty? It is a bit like when Lemuel Gulliver arrives in the land of Lilliput. He wakes up on the beach and he is all tied up. We have to go round and cut the little strings that hold Lemuel Gulliver, or the poorest among us, down. Little things like having a digital profile, having the ability to get into banking, having a library card, all help you win control.

Q131 **Stewart Hosie:** I understand the issue about digital; I understand the issue about the footprint; I understand the issue about the algorithmic decision-making, but the Payment Accounts Regulations set out that consumers with no fixed address are to be considered eligible for a bank account. The regulations also specify that the firms must not discriminate against consumers by reason of their place of residence. Despite that, is the lack of permanent address or appropriate address verification still the driving factor in some people remaining unbanked? Are financial service providers simply ignoring the regulations?

Lord Bird: You cannot disagree with that, but there is a move afoot among people involved in fair credit, and a number of charities, around the credit issue and the banking issue. A number of those charities are working with *The Big Issue* and Big Issue Invest. We are trying to look at ways in which we can give that person a profile.

Q132 **Stewart Hosie:** I understand that. I have a quick final question—

Lord Bird: Sorry, I am a bit Mutt 'n' Jeff.

Stewart Hosie: That is okay. I just have a final question for you. It is good that work is going on. It is good that in Manchester, if you have a letter from your social worker, you can get some access to financial services. But should the banks not simply be providing bank accounts?

Lord Bird: This is something I would love to join you in, because I believe that the banks—I agree with Baroness Tyler—have a responsibility. How do we do that? We could do it through the Post Office, by building stronger credit unions or through other methods such as the creation of a national bank, a people's bank, so to speak. All of these are considerations that I would love us all to be engaging in. I would love to see the Post Office used more in that. The Post Office is often the window for all the other banks, because all the banks use the Post Office. Why can we not use the Post Office as the link between people who are vulnerably accommodated—that is the term we use—and needful of banking facilities.

Q133 **Stewart Hosie:** That is helpful. Baroness Tyler, in your Committee's report, you recommended that the Government should require banks to promote their bank accounts appropriately and effectively. Since the Government's response to your report, has the advertising of basic bank accounts changed or improved? What has happened?

Baroness Tyler of Enfield: To my knowledge, not very much has happened. I probably should just explain that, after these ad hoc Lords Committees report, they disband. Unfortunately—it is a bit of a flaw in the system—we do not have the resource to keep up to date and do further implementation work.

Chair: We will try to pick it up on your behalf.

Baroness Tyler of Enfield: Yes. I have tried my best, on a personal basis, to keep up to date with these things, but I am not aware that much has happened in terms of promoting basic bank accounts. I still maintain that the Government should be requiring banks to do it more consistently and more effectively. The evidence we received showed that some were probably doing their best or certainly doing something. Others were doing next to nothing. That meant those that were doing something started to feel the cost burden was falling unfairly on them, because clearly it is not a money-making venture. To do it, there needed to be more incentive, either a carrot or a stick, for all banks to do their fair share.

Q134 **Stewart Hosie:** Which banks were doing this well and which banks were doing it particularly badly?

Baroness Tyler of Enfield: My recollection is that Barclays and Lloyds seemed to be trying. That was the evidence we received.

Q135 **Stewart Hosie:** Who was not trying?

Baroness Tyler of Enfield: Most of the rest, I would say.

Stewart Hosie: That gives us plenty of ammunition going forward. Thank you.

Lord Bird: I do not know whether I mentioned that Lloyds is the bank we are working with in Manchester and Cardiff. As I said, it is very interested in how you change the comprehension of your staff so they can take on the vulnerably housed and help them towards having banking. We have also done some work with Barclays, but the experiment or the pilot is definitely a Lloyds thing in Manchester and Cardiff.

Stewart Hosie: That is helpful.

Baroness Tyler of Enfield: I do not want to be unfair to anyone. I just did not have it in front of me. The Co-op Bank was also doing a fair amount at the time. Somewhere in one of the reports that have come out since our report, there was a league table. It is quite helpful. The Treasury also maintains one. Its view is that transparency is the tool to use. It published those figures each year.

Q136 **Charlie Elphicke:** Before I get on to bank branch closures, which I am going to focus on, dealing with the poverty premium, there was a problem with prepayment electricity meters being about 40% more expensive than normal meters. Does that still go on?

Baroness Tyler of Enfield: When we were taking evidence 18 months ago, a number of people cited the sort of figure you have suggested, yes.

Lord Bird may be more aware than I am, but I am not aware that things have changed very much in the last 18 months.

Lord Bird: There are some utility companies that are looking at this. The leading companies are actually in water, which is obviously one of the smallest elements. We are working with Welsh Water on some of those elements. But, no, there has not been a major change, as far as I know. At virtually all the town hall meetings that we have had over the years, it is one of the most pressing issues. Certain places, such as the municipality of Preston, are looking very seriously at what element of the poverty premium is expressed in the fact that you are paying more for your credit, your electricity and your gas, and you are paying up front. If you are blessed to have a mobile phone, you are paying as you go, which is the most expensive way of buying anything.

Q137 **Charlie Elphicke:** Does it not strike you as chilling that you have a situation where a utility company has less risk—it has the money up front; you have had to go and pay the cash up front—and yet it is charging more for it? Is that not simply inexcusable?

Lord Bird: Yes, it is. As you know, this has happened because of a record in the past where people have left bills and things like that. It is an over-insurance rather than an insurance. I agree with you. We have written about these issues long and hard. The poor are not just paying through the nose. They are treated as people who are unreliable and fickle. Because of certain people not doing it—people like my mother, for instance—the whole sector of people in poverty is blamed for it. I do agree with you that it is a ridiculous situation that you would be paying 40% more for this. Maybe 5% or 10% more you could understand.

There is another interesting thing here. When that payday loan company went down—

Chair: You mean Wonga.

Lord Bird: Yes, Wonga. When you look at the amount of money it made from its thousands and thousands of percentage points, it was not making a king's ransom, because it was lending to people who could not repay. There is a very interesting argument that we need to be having, looking at our schools once again, about training our children from a very early age in how to handle money and not get into a situation where they need to pay through the nose and pay things like 40% up front.

Q138 **Charlie Elphicke:** My point is a subtly different one. Whether you have had a bad credit rating in the past or not does not really matter. You are paying up front for this supply. You have already paid the money. They have effectively no risk whatsoever. To be paying more than someone who is offered credit in those circumstances seems to me to be purely preying on the poor.

Baroness Tyler of Enfield: I totally agree with that. I found it helpful when my attention was recently drawn to this document called "Being

Poor Shouldn't Cost More: a Roadmap for Tackling the Poverty Premium". It is by a group of charities and others called Fair By Design. They have an extremely helpful table about the scale of the problem, all the elements of the poverty premium and what contributes to it. It is very interesting that the biggest contributor there is to do with utilities and not being switched to the best fuel tariff. That seems to have significantly more impact than just the use of payment meters. I would commend this, because I certainly learned a lot. This report has the most up-to-date figures.

Q139 **Charlie Elphicke:** Moving on to bank branch closures, in what ways does the issue of bank branches closing impact on customers' access to financial services, particularly the most vulnerable and those living in rural areas?

Baroness Tyler of Enfield: To elaborate a bit on what I said earlier, it is having a very major effect. I am personally very concerned about it. The number of bank closures since 2015 is now almost 2,900. That is the last figure I saw.

Chair: Yes, it is something like that.

Baroness Tyler of Enfield: There are whole deserts where there are no banks. As I said before, although there is more the Post Office can do, and there is more the Government can do to help the Post Office step in there a bit, I personally feel that the banks should be under a much greater obligation to ensure that people who need those face-to-face services can get access to them.

Charlie Elphicke: Can I just pause you there?

Baroness Tyler of Enfield: Yes, of course.

Q140 **Charlie Elphicke:** You have mentioned the Post Office. What are your thoughts on using the Post Office as a provider of basic banking to consumers in locations where banks have left the high street?

Baroness Tyler of Enfield: It is a good idea. We recommended that there should be a public information campaign. It might need to be jointly funded by Government and the Post Office. An awful lot of people do not really know that the Post Office can provide some of these basic banking services. Frankly, some of the staff in Post Offices did not seem to be that well aware of it. One of our recommendations was that there needed to be more training.

When I was talking to some debt relief charities a few days ago, they were saying that this is not really the full answer, because for some people the Post Office might not be very easy to access; there might be long queues; there might be nowhere private to have a conversation; they might just be overwhelmed because there are too many people there. It definitely has its role to play, but I do not see that as the whole answer.

Q141 **Charlie Elphicke:** In that case, let me ask you about the Access to Banking Standard. Your Select Committee noted that no witness—no witness—could point to any occasion when a bank had reversed a branch closure following the protocol process. Is the protocol just a complete waste of time and a paper tiger?

Baroness Tyler of Enfield: It is pretty toothless and hopeless, to be frank. The banks are just going through the motions. It seemed to me to be a tick-box exercise so they could say they had consulted, but nothing happened in the wake of it. The point I wanted to make was that, when the report was published—there was a bit of publicity—I received more correspondence than I expected from members of the public. I found it very moving, because it was usually from older people who now could not get access to a bank, because their bank had closed down.

They were asking things like, "Is it really beyond the wit of man or woman to have come to some sort of arrangement here?" In a town where every single bank had closed down, why could they not have collaborated and had some presence? It might only be two or three afternoons a week; it might be in a community centre or something like that. The banks could pool their efforts and staff it on rotating days or something like that, to ensure there is a physical banking presence left. The banks have not done that. I do not think they feel under any pressure or obligation to do so. Unless something actually happens, which is going to require the Government or the FCA to do something, the situation will just continue.

Q142 **Chair:** Lord Bird, did you have anything you wanted to add?

Lord Bird: I was just going to say that I am a devotee of public libraries and pubs. Both pubs and public libraries need to be utilised. I have been into the library at Northampton where you can register births, deaths and marriages, go and see your doctor, and do a number of other things. I would love to see a hub-like development. The Prince of Wales was involved in a Yorkshire pub some years ago where there was a surgery and a number of other things. It was the only functioning public place, so they used the pub. Obviously, we would not recommend that you go from the doctor's to then knocking back a load of drink, because you are going to be back in the doctor's.

Chair: It might be medicinal; you never know.

Lord Bird: There is a real interest—we have seen it—in bringing libraries and information centres together. I believe very strongly that we must go back to the very early stages of life. We need to be teaching money in the same way that we need to be teaching people what blood is. Most people who are critical of the capitalist system do not even know how it works. Most people who are critical about these rip-off banks do not know how they work. We need to get into the mechanisms so that people can understand how the credit system works and we can be ahead of the curve.

I believe very strongly that it is the role of the Government at some stage to step in and say, "We are not going to allow people to have this receding of democracy." This is about democracy. The real problem around poverty, of course, is that the more you are in poverty, the more you are outside of democracy. Democracy does not shine its light on the poorest among us. The closure of bank branches and the loss of libraries are indications of this. Sorry, that is the end of my party-political statement.

Chair: No, it was very helpful. Thank you.

Q143 **Mr Baker:** You have both given really fascinating evidence with great passion, if I may say so, and I have enjoyed listening to you. If I may, I would like to pick up on a couple of points you have both made. Baroness Tyler, you raised the issue of basic bank accounts and you said they were not promoted, but you also went on to say that they are not a money-maker. There are a few things you have mentioned that do challenge us all but that do imply costs for the banks. Would you like those costs to fall directly on individual institutions, or do you want to see them shared collectively through the state?

Baroness Tyler of Enfield: My guess is that it would work better if there was some cost-sharing mechanism. The banks could be required to cover the costs on a pro rata basis or something like that, but the Government could make a contribution as well. I cannot pretend I have given it detailed thought, but that is my thinking, off the top of my head. If we left it to banks, they would all feel, as they obviously did, "It is unfair for a bank of our size to have to do this amount. It does not make us money".

Q144 **Mr Baker:** It feels to me that we are talking about how to incentivise banks to do something that does not make a profit for them.

Baroness Tyler of Enfield: Yes.

Mr Baker: We have agreed that. Therefore, there is a cost to be borne. Who should bear it? Clearly it is not something to labour today, but I wonder whether perhaps we might return to that thought later.

Baroness Tyler of Enfield: It is a very good point.

Q145 **Mr Baker:** Lord Bird, you have raised some really interesting things. You have talked about the pedagogy of education and particularly ages four, five and six. But you reminded me of work I did when I first got involved in politics with the CSJ about early intervention and the way that people's lives are so often set up in the first nought to two years. Have you given much thought to how early intervention in the first couple of years of someone's life can help set the pattern in relation to poverty and financial inclusion later? Is there therefore more we should be doing in the earliest years?

Lord Bird: I believe very strongly in that. Can I just make a point about social responsibility? We talk about a social echo. We all have a social echo. Every business has a social echo; every municipality has a social echo; as individuals we have a social echo. It is very interesting that the banks were socialised in 2008 because we put our hands out and we rescued them. They have a responsibility to us. We need to cash in the chips on that one. I would like to get slightly tough on those banks—the Royal Bank of Scotland, Lloyds and all of those—that, but for the grace of God, or the taxpayer, would not exist. I would very much like a very tough stance on their social echo and their social responsibility.

I think—I would, of course—that anybody who has a social responsibility programme is going to do better business. It has been shown on numerous occasions that any business that gets involved in the community around it and looks out for the needier raises the quality of the staff it has, because the staff feel more engaged. You get many more advantages.

Q146 **Mr Baker:** You have raised some fascinating points. Some of my favourite subjects have come out of what you have said, like the socialisation of risk, but I want to try to focus on this.

Lord Bird: Sorry, yes.

Mr Baker: In particular, you were talking about borrowing. You said there is nothing wrong with borrowing as long as you can pay it back. By that, if you mean you would not want to judge people and the purposes for which they borrow, I would agree with you. But, talking about education, would you not agree with me that if people want to be financially secure it is important that they spend money on income-earning assets rather than on consumption goods? Is it not the case, then, that it does matter what you borrow to buy? If you borrow to buy a holiday, I would not want to judge that—it might be a good thing for a person to do—but it is a passing or fleeting joy, whereas borrowing to buy shares might result in greater wealth later. Is it not the case that it does matter what people borrow to buy?

Lord Bird: Obviously, it does. You are talking to a social entrepreneur, who believes very greatly that one of the problems with the capitalist system is that it does not allow entrepreneurial people, especially from the class and section I come from, to get their hands on cheap money. They can never pick up the phone and say, "I want to borrow $1 million for three days and I want to pay 2%", or whatever. You do not have that. Borrowing is a very interesting thing. I have to tell you that I have worked with charities in the past that do spend money on giving people holidays, because if you cannot afford a holiday, that means you cannot afford a time to forget the misery of where you are. Holidays play a very important part in day-to-day life.

Q147 **Mr Baker:** I do not wish to be dismissive of holidays, but the point I am trying to get out of you is this. When we are talking about educating people at the ages of four, five and six, whatever the importance of having a nice TV, without wishing to judge or dismiss the importance of any of those things, is it not the case that in educating people we need to be clear with them that, if you are borrowing, you are paying a premium to have whatever it is you have purchased, and therefore it really does matter what it is you are purchasing when you borrow?

Lord Bird: First of all, you have to be in control of whatever you borrow for, whether it is a TV, a PlayStation or something like that. If it enriches your life and gets you feeling a little bit like you have something to look forward to, that is great. If you are borrowing in order to buy a house, it is brilliant if you can pay it back.

I am one of those people who tell as many young people as possible that I do not see anything wrong in going to university and owing £35,000 at the end of the period. You are borrowing the future. You are getting a mortgage on your future, and it puts you in a better position to make your way in a very changing world. Today, for a 10-year-old schoolchild, 63% of the jobs that will be on offer to them when they leave school and enter the job market have yet to be invented. That is one of the reasons that you need to borrow the future, get off your rear and take those risks, in my opinion. I am very interested. I would love to have a discussion with you about this.

Q148 **Mr Baker:** We ought to have a drink, but let us do that another time. I have to get on to older people or the Chair will be displeased. Baroness Tyler, your Committee made a recommendation that the Government and regulators should work together to promote further innovation in the provision of online and mobile banking services, specifically for older people. Could you tell us in a little more detail about the evidence you heard that led you to make that recommendation?

Baroness Tyler of Enfield: The evidence we heard first of all was about how, for quite a few older people, everything becoming digital was really problematic. We heard about the numbers of people over 80 who never went online and would not dream of doing online banking. Having said that, when we talked to groups of people, there were some people in that age group who said, "Yes, it is great. I do it and I like it". We were not trying to say that everyone over a certain age does not want to embrace digital banking, because that clearly was not the case.

Equally, we found that some of the more vulnerable, more disadvantaged, particularly those with multiple health conditions and things like that, really struggled with digital banking. One of the things that particularly stuck with me was about some older people not wanting to use an ATM because they were worried they would be too slow and people behind would start shouting at them, or they would get there and they would forget their PIN and feel stupid. There were all those sorts of things.

We felt that you have to be realistic about what is happening in the banking sector. Despite our discussion about bank closures, you are not going to have a whole lot springing up immediately. There was some very interesting work being done, the fintech work, trying out some of these new technologies in a way that could make things easier for people who perhaps struggle with their memory and things like that. The Treasury is sponsoring something called the "sandbox" and there is innovation going on.

Chair: It is the FCA that is doing that.

Baroness Tyler of Enfield: I am sorry, it is the FCA. Some of that is looking at ways that you could use technology to simplify things for older people. I do not want to sound like I am either a complete Luddite or think that it is all dreadful for older people. I just remember so clearly my own father, who was terrified of using an ATM and, for various reasons, was not able to operate online.

Q149 **Mr Baker:** What specifically would you like the Government to be doing that you have recommended, which has not been adequately picked up?

Baroness Tyler of Enfield: That is a very good question. I would like to see the Government very specifically engaging with the whole agenda around control options for people who might be having some sort of episodic memory loss—that sort of thing. We heard a lot on this from Martin Lewis. There are options where another family member could be added as a control option, so if expenditure is over a certain amount of money there is a 24-hour delay and another family member could get involved. If I am frank with you, as for the changes that might be needed there, whether that requires changing more from the FCA regulations or from Government, I am not sure. Although, in recent years, the FCA has been doing far more in this area, sometimes it needs a bit of a nudge from the Treasury.

Q150 **Mr Baker:** I am conscious that the time has raced by. I would like to ask you two very brief questions. Could I ask each of you to just reflect on the FCA's proposed duty of care and what that means for your areas of interest?

Baroness Tyler of Enfield: I am very supportive. We had a recommendation; we felt that the FCA should introduce rules for a duty of care. My understanding is that there is a similar duty of care in a couple of other countries. One of them was Australia and, possibly, the Netherlands, something like that. Other professions, such as the legal and medical professions, have a duty of care. It would make a real difference. We all know that there are good people out there trying to do the right thing. They are not the people we are trying to influence. It is the people who need a bit more of a push to see that, when they are dealing with really vulnerable customers, they have a duty of care, so I am very supportive of it.

Lord Bird: Could I go back to the older people just for a minute, first?

Mr Baker: Yes.

Lord Bird: I am a 72-year-old geezer, just about to become 73. I would like to see a change, almost a dramatic change, in the way we see old people. When I was a young guy, I used to hate old people and when I was a very young man I would do horrible things to frighten them. I would love to see, once again, education. If you want to sort out your banking details, get yourself a granddaughter or a grandson; maybe we need to monetise our grandchildren to do that. *[Laughter.]*

Mr Baker: Even I would not propose that.

Lord Bird: There has to be a seismic change in the way, once again, we understand how life moves through these stages. I go and talk to schools and I am astonished at what we are teaching our children. We are not teaching them about this wonderful thing that starts off as a little baby and ends up as an old git like me. I would love to see that kind of change.

As for the idea of duty of care around the FCA, I am not a financial wizard; I am just a social entrepreneur. I am not quite sure what it means.

Chair: Don't worry about it. That's fine.

Q151 **Mr Baker:** That's not a problem. Finally, to finish, we have two Ministers responsible for financial inclusion, John Glen in the Treasury and Guy Opperman over at DWP. Do you have any observations or recommendations to the Government about splitting this role? Would you like to see it united?

Baroness Tyler of Enfield: Two is better than none, which was the situation before. Talking to people in the sector, they feel there is not as much clarity as perhaps there might be about respective roles and responsibilities. My understanding is that Guy Opperman, although he has the words in his title, is specific to the DWP remit, whereas John Glen, the Economic Secretary, is looking across the piece. They are both involved in the Financial Inclusion Policy Forum, which is good, but there could be greater clarity.

As we recommended in our report, once a year, I would like to see them do a comprehensive report to Parliament so that both Chambers would be able to discuss what is happening in tackling financial ex~~in~~clusion. That would include an update on things like basic bank accounts, bank closures and the like. I would just like to see them really being active in this area.

Q152 **Mr Baker:** You are not recommending that the role be combined into a single role?

Baroness Tyler of Enfield: No, I am going to stick with two being better than none.

Lord Bird: We work with both of them through Big Issue Invest, and I have worked and been to their constituencies. I was slightly surprised that Guy Opperman's role is in the DWP, because, let's be honest, we all know where the power is, do we not? I would like to see a combination of roles. To be quite honest, I would love to see a Minister of Poverty. The Minister of Poverty would look at all those little things and how you morph people out of poverty. Starting with social entrepreneurism, with financial inclusion and all those things, would fit very neatly under a new Ministry. I am more than happy to start it up and run it for the first three or five years from the Lords.

Mr Baker: It would be great fun if you did.

Q153 **Catherine McKinnell:** I wanted to touch on financial services and people with mental health challenges. First, to you, Baroness Tyler, your Committee report "Tackling Financial Exclusion" drew on evidence from Martin Lewis and the proposals about having control options to help those with mental health conditions, particularly when they are in a time of crisis. Can you expand on those service control options and what other workarounds there could be to support people with mental health conditions?

Baroness Tyler of Enfield: Yes. Probably the most compelling evidence we received came from Martin Lewis and the Money and Mental Health Policy Institute. I know that some things have happened since. We made recommendations really promoting that sort of approach and I know that there has been some work, which I think the FCA has been involved in, to take that forward a bit. In fact, today it has been announced that Barclays is introducing a new control option. It is more geared at people with gambling problems and there are different ways that you can do it. You can either do it by putting a block on specific types of, say, expenditure, particular types of retailer, or do it on specific firms. It is rather good that Barclays is doing this, although today's headlines did not put a huge focus on mental health.

For people who are experiencing episodic problems with their mental health and sometimes are absolutely fine, know what they are doing, are quite in control of their expenditure, you want to give them as much autonomy as you can. Where the person themselves knows that, when they are having episodic mental health problems, they really need help and support, be it a 24-hour delay, another family member coming in, or blocks on certain things, where they have agreed to it beforehand, that is really helpful. I would be a bit more concerned if people felt that it was taking any sense of agency or control away from them.

It is a big, important and growing area. Some of the evidence we received suggested that banks and other providers of financial services needed to do a lot more to train their staff to spot the signs of vulnerability, particularly in respect of people who are experiencing mental health problems. As people say, it can be seen as an invisible disability. If someone comes in a wheelchair and cannot reach the counter, it is pretty obvious, but with mental health there is a need for far more training around vulnerability, spotting things, identifying and knowing what to do.

If I may just finish on a broader disability bit very quickly, I was shocked, in the evidence we received, to find that there were still examples of banks sending PIN numbers to blind customers not in braille and trying to ring up deaf customers over the phone. There was some very basic stuff that really needed to be sorted. Sorry, that was a little distraction, but I just wanted to say it.

Q154 **Catherine McKinnell:** No, that is a really good answer, to be honest. We heard evidence from Katie Evans from the Money and Mental Health Policy Institute, who told us stories of people who had frozen their bank card in ice in order not to be able to access it. Depending on how you would go about defrosting it, that provides a time-limited ability to access it. Your answer that there is much more banks can do is certainly evidence that we have taken as well.

In terms of the technological options out there, is that something that your report has looked at or that you can elaborate on? Is there something more technological than ice?

Baroness Tyler of Enfield: It would be fair to say we did not get into the real technicalities of it. We were more promoting the fact that that work, with the people who really know about these things, takes place. We had a chapter about fintech and all that, and we certainly thought there were some good examples there, but we did not have time to do in-depth work on the technical options and solutions to come up with very specific technological recommendations.

Q155 **Catherine McKinnell:** As you identified, the challenge is getting the balance right between giving people options to control their own financial activities and not then removing agency from them. There is work to do to get that balance right.

Baroness Tyler of Enfield: That is absolutely right. Some very interesting work is being done around the issue of open banking and the sorts of things that can help there. When someone is going through a bad period and is not able to manage their money, there are various services, such as transferring money so they do not go overdrawn when they have a big direct debit about to go out, to prevent an overdraft charge. That is great but, on the other side of the coin, it might introduce greater inequalities, because the businesses involved in these new ideas might cherry pick the profitable customers and exclude either the less profitable or the ones who clearly have greater problems. All the time there is a careful balancing act that needs to go on.

Q156 **Catherine McKinnell:** Lord Bird, you touched on this earlier in response to Stewart. There is a growing body of research that links mental health to homelessness. Mind has described it as a chicken and egg issue. What more could be done to support people in unstable housing situations to access financial services, so that their situation is not hindered further?

Lord Bird: We need to regrow our public health system, which has shrunk over the years. I used to be a deliverer for the meals on wheels voluntary service and I got the sack, largely because I was too slow in the delivery, because I had to talk to the people. It was patently obvious that most of the people in the system of receiving the food had mental health problems. If they did not have mental health problems, as soon as they slipped into being ill, disabled or old they would, very quickly, take on all the mantle of mental. I believe very strongly that we need to be supporting those charities and those supporters who are going into the organisations.

I am beginning to work with a group in Northampton called Golden Years and that is about old age and mental well-being. We have to stop the process of people slipping out of the workforce, largely through age or inability to get a job, and into homelessness and mental ill health. I am of the opinion that most of the people I meet on the streets, for instance, have a mental health problem, which is a chicken and egg situation: are they there because of that?

I believe very strongly that we need to be looking back again, dare I say, at the responsibilities that were got rid of when we got rid of the mental health institutions, the asylums. We got rid of them for the right reasons. They were appalling. I used to visit them. I had many members of my family and I have been to many of them: Banstead, Friern Barnet and places like that. They were appalling, but we did not replace them with a system. Care in the community was a chimera, which is a nice posh word meaning it does not exist. I would love to see some really serious work done on what not just I but other people call "therapeutic communities" and "therapeutic response". We have to go back.

I would like to also see that we educate our children and our young people into the new jobs, because a lot of the new jobs, according to people like Bill Gates, will be around caring for human beings in need. I would love that process to begin a lot earlier. Let us not wait until all the robots have arrived. Let us be doing that kind of thing. It is the wonderful idea of connecting people, and working for and on their behalf. I do not believe that there are enough therapeutic communities, in one way.

The other thing is that we have to stop our children slipping into mental illness. It is not just drugs and drink; it is around gambling. When sexy gambling opportunities are presented to you, almost as though you are winning the Derby every time you bet, and when high-cost credit is also presented in a sexy way, we really are working at the most vulnerable level and we are increasing the groundswell of mental inability in respect of mental well-being.

Q157 **Rushanara Ali:** Good morning. Lord Bird, can you say a bit more about your assessment of the current provision and landscape of affordable credit in the UK? Obviously, we are all familiar with some of the downsides of credit, some of which you have referred to already—payday loans and so on. What should the banking sector do and what should Government do to try to create a more favourable climate for people who need credit to have more affordable credit?

Lord Bird: Using FCA language and the language of the lenders, we have to grow people's files. We have to grow their financial files. One of the reasons that many people in poverty, near property or getting out of poverty find it very difficult to get affordable credit is because no one has an algorithmic or digital record of them. That is why I have concentrated on bringing in the creditworthiness Bill, as a means of saying to people who are paying rent, "We live in a risky business world of finance and we want to take a risk on you, but we want to know that you have the ability to pay back". All the evidence seems to suggest that about 80% of people who are paying rent could easily be freed up. They could get what is called a "thick file" or a "thicker file", which would mean they could then access the cheaper credit.

I do not think there is a way in which we can impose on our lenders anything like that, but we can look at other things. We can look at the Australian model, which they are working on now, which is zero-interest loans. We can look at credit unions, which are very good and should be encouraged to grow. Unfortunately, they are stymied by the constraints that are placed on their ability to borrow.

Q158 **Rushanara Ali:** Where are you at with the Creditworthiness Assessment Bill?

Lord Bird: We have Second Reading on 25 January. We are working with the Government, with everybody in the House. It has had cross-party support in the Lords and we have cross-party support in the Commons. It is just that this Brexit thing, as you know, keeps getting in the way. We are pushing on and hoping that it will lead to a change. Even if the Bill does not lead to a change, change is afoot. We have generation rent and a situation where not many of our young people can use their rent data as a means of moving on, either to get a mortgage or buy goods in the high street. We need to change that.

I have to say the Government have tended to concentrate on the fintech side of it, by saying, "We can solve this through the fintech thing". My Bill tries to mandate the lenders to look at the rent details, and it is not really about anything more than that. They can then say, "You are still a risk, so we are not going to lend to you". That is entirely up to them.

This also, in my opinion, will lead to a growth in the amount of people you can lend to who are safe. That also means it grows the lending market, so it is good for business. The Government said to us, "This will be too costly and the cost will be passed back to the consumer". We say, "No, you are increasing the size of the marketplace". The marketplace is going to get bigger, because there are not enough people who can get on the mortgage ladder.

Q159 **Rushanara Ali:** Baroness Tyler, do you have a view on uncompromising central and local government debt collection and how that impacts? From a quick read of the full report, I did not see a great deal on that, but I might have missed it. We certainly picked it up in our Committee report on household finance and it is something that we, as constituency MPs, worry about a lot. There are certainly very heavy-handed approaches to local government council tax recovery. We have talked to HMRC about how it approaches debt collection. There are some good examples, but not everybody necessarily sees it that way, and that is certainly not how it comes across in our constituency surgeries. Likewise, with DWP, there is the issue of people ending up in rent arrears or experiencing complications with benefits and then getting lots of legal notices, which creates more problems and adds to mental health issues and so on. Do you want to say a bit about that?

Baroness Tyler of Enfield: Yes. Briefly, we were very struck in the evidence we received, both the written and the oral, at how the real problems seemed to be with local authority debt collection, particularly around council tax and rent, as well as the DWP approach to debt collection. I recently looked at a very interesting table that the charity StepChange provided us with in its written evidence. Under "I was treated unfairly", which is a list of shame, at the very top is "bailiffs", and that is usually to do with council tax. In the middle of it was payday lenders, which quite surprised me; I thought they would be a bit higher up. To be fair, towards the bottom are high street banks. There is a real problem with the way that some local authorities are doing collection of rent arears and council tax when people are in very, very poor financial circumstances, and not taking into account the impact it is going to have on them.

Q160 **Rushanara Ali:** Do you think the Government need to take a deeper look at how local or national Government agencies use bailiffs?

Baroness Tyler of Enfield: Yes, I do, because just sending the bailiffs in, it seems to me, is often completely counterproductive. For some of the people in the most desperate circumstances, it is often going to be the state—i.e. central Government or local government—which ends up picking up the cost of whatever happens when that person becomes homeless or whatever it is. We were surprised and quite shocked at some of the examples we heard about the bailiffs at the door being sent in by the local authorities.

We asked local authorities to give us some evidence on that, and this is the politest way I can put it: it was slightly contradictory. I am reluctant to say something that is not accurate. We heard, I think, from the LGA and one or two local authorities. It would be great if your Committee could focus on that issue.

May I add a couple of words, very quickly, to the question that you asked Lord Bird? I feel there is a lot that needs to be done to promote the growth of what is sometimes called "mid-cost lending". We focused on high-cost lending and our recommendations were about high-cost, short-term lending, but we did have some things to say about credit unions and CDFIs. I feel strongly that the Government could do a lot more to promote credit unions. There are problems with some of their business models. You have to be a saver and a lot of people we are concerned about are not in a position to save, but there are restrictions on the types of things that credit unions can currently do. We received evidence saying that some of the services currently delivered through the rent-to-own and credit card sector, with a change to the rules for credit unions, could be provided more cheaply through credit unions.

We did not look at what you might call the commercial side of the mid-cost lending area—those who are lending at 40% to 60% APR. It would be great if your Committee could, because there are some quite interesting things going on there. As for the things that came out of the recent Budget statement, particularly the £2 million affordable credit challenge fund, some good stuff could be done with that money, or the £55 million from the dormant assets fund. I do not quite understand why DCMS is the lead there, but I am sure someone will be able to explain that to me. There are some very interesting pilots, as Lord Bird referred to, such as the No Interest Loan Scheme pilot, based on the Australian Good Shepherd scheme. There is real potential there.

Q161 **Rushanara Ali:** That is great; you have answered my next question. I just have one final question. Do we have something to learn from the US Community Reinvestment Act or is that not particularly relevant to our experience? Do we have something to learn from microfinance? Lord Bird, you mentioned the entrepreneurship that is being missed in terms of promoting that among those who are less well off, who do not have access to affordable finance. I wonder if you have any views on those two points.

Lord Bird: I just want to talk about bailiffs. I read a report somewhere that 35% of attempts to impose bailiffs fail; they do not come back. It is a very high level of unenforcement, so you have that cost, which is then added to the costs of the local authority. That is one of the reasons why local authorities need to really clean up their act around bailiffs, in my opinion.

Microfinance is a very interesting methodology. We worked with Muhammad Yunus back in the early days of the Grameen Bank in Bangladesh and promoted it. The beauty of the Bangladeshi model is that you have a community that is together and they work together. When you have a community and you are lending money to a community from a community body, the first proviso is that you have a community, and Muhammad Yunus was able to tap into that, because then you get a very high level of return. While it has worked in various parts of the world, it has not worked in other areas where there is not the same sense of community. I was involved in a project in Los Angeles many years ago, based on an idea of the Reverend Jesse Jackson, which was getting people to do a two-part thing. It was a lot like a credit union, but it was largely saving money and then lending it to members of the community you worked with, and even taking some of the money and investing it.

There is a lot of interest in micro loans, but the only thing I would say is that they really need to be community based and not simply one here and there.

Q162 **Rushanara Ali:** Baroness Tyler, do you have any reflections on the Community Reinvestment Act?

Baroness Tyler of Enfield: We did not take a huge amount of evidence in that area. We were conscious that the CDFI institutions were a pretty small part of the overall sector for more affordable lending. We felt that there was probably scope to do more thinking than we had time to do, to see what role they could play. We were conscious that, while some in the credit union sector might be quite wary of taking investment funding either from Government or the private sector, we had not heard those sorts of reservations from the CDFI sector. The furthest we got in our thinking was saying that we felt the Government might consider how to promote options for this sector. I cannot pretend to have much detail on that.

Q163 **Rushanara Ali:** My last question is about credit rating agencies. I have certainly come across them in my constituency. There are lots of cases where people do not realise that they have been rated badly. It can happen when they have failed to pay a bill, because they have moved and have never seen it, and then they discover that they are getting rejected for credit. They get court notices and so on. Credit agencies, as we know, can also make big mistakes with getting people's identity wrong. Do you have a view on that and what could be done to, first, make them more accountable and, secondly, ensure that this sort of thing does not happen and that they do more chasing to get to the right people?

Baroness Tyler of Enfield: This is probably slightly more Lord Bird's area than mine, but I absolutely agree; it is a really big problem. It feels as if there is a lack of accountability in the system when something like that happens, and it can happen to lots of people, not just vulnerable people. First, you do not know it has happened, and then it is very hard to know what to do about it. My sense is that the first step in these situations is usually to shine a spotlight and greater transparency, before you move to regulation or whatever is needed. It is really problematic.

The other area—and Lord Bird's creditworthiness Bill is important here—is for people who perhaps have poor or thin credit histories. Their payment of rent and council tax, which is a real achievement for people who are struggling on a very low budget, when they have done that successfully, can be taken into account. But I suspect it would need quite a bit of restructuring and refocusing of how these credit rating agencies work.

Q164 **Chair:** I want to finish on financial education, which you have both mentioned but which you, Lord Bird, mentioned in particular. If the Member of Parliament for Bassetlaw were here, he would be asking about—forget financial literacy—literacy generally. Would you agree with this? If you struggle with literacy and cannot read—forget understanding how to open a bank account, how to manage it, how to pay a bill and everything else—that is still one of the greatest barriers to people both feeling included in society generally and being able to manage their own finances.

Lord Bird: I have to contradict that, based on the experience I have from the days when I was a naughty boy. Many people, like me, were illiterate but were astute at sums; I would not say mathematics. A chap I grew up with, dyslexic and with many problems, managed millions and millions and millions of pounds. The anecdotal evidence in my own life is that you can bypass literal literacy. That is why I am a tremendous believer in turning poachers into gamekeepers. I am a great believer in doing that, because I believe in what you might call part of the problem becoming part of the solution.

It would be good to have both forms of literacy together, and they often go together. My problem around literacy, I have to say, is that, on too many occasions, people become literate and then do not use it to upskill themselves. There is a real need now, in the next 10, 20 or 30 years. We do not know where the economy is going, we do not know where the jobs are coming from and we need to duck and dive, and bob and weave. I believe that the greatest literacy we need to be teaching is social literacy, which is a little bit of everything. Social literacy will enable us to learn, like homeless people and the feral poor have had to learn. How do you make your living when there are no jobs? How do I go out and make income from services or systems?

There is a real need to stitch together financial literacy with literal literacy, but also upskilling and social literacy. I have to say that I learned social literacy much earlier than I learned to read and write. I was a very able person to go in and sort out problems, because I had picked up these skills at home and in the streets.

Q165 **Colin Clark:** Baroness Tyler, your Select Committee recommended that financial education should be added to the national curriculum. I see that in the Department for Education there are non-statutory programmes, and there are statutory programmes attached to the citizenship curriculum. What do you think is so important about teaching financial literacy? What exactly would you like to see taught, considering what already is?

Baroness Tyler of Enfield: Our main recommendation was that, while financial education is in the statutory curriculum, and the evidence seemed to be that it was taught reasonably well in some cases and significantly less well in other cases, it should be added to the primary school curriculum. I had a couple of Committee members who felt extremely strongly about this. We felt you really needed to start young to get people to understand the concept of money, of value, of savings, to get the very broad parameters about having money, where it comes from and the need to budget and manage it. You just need to do it early. We were very taken by the fact that it is on the primary curriculum in Scotland, Wales and Northern Ireland, but not in England. We absolutely thought it should be integrated as part of a broader PSHE curriculum. We just thought it was rather telling that it is not there at the moment.

We had discussions about whether this was really all about numeracy and the fact that young people do not have good numeracy skills and cannot count. We said, "No, it is not about that at all. It is about a much wider range of issues". We just thought that, to have good financial literacy and capability in teenage years and adult life, you have to start young. We thought it was absolutely fundamental.

Q166 **Colin Clark:** There is a certain irony in the Scots, as Stewart and I would agree, being taught to look after money; it is sort of in our DNA. What about primary school teachers? Is there adequate training?

Baroness Tyler of Enfield: We felt that the training was not very good; it was not taken very seriously. It is a bit like sex and relationships education, which, with other hats on, I have had quite a lot to do with. It is often given to a teacher as an add-on to 500 other things; they do not get very good training. There are specialists who can come in and do some great input in the classroom. Often, it is better when you get outside people coming in and doing that. We recognise that, for your average teacher, there is only so much you can expect them to be doing. You cannot keep pouring more and more on a mainstream classroom teacher. We just thought it was fundamentally important that financial education was seen as part of the skills you need as you grow up.

On the literacy point more generally, I know you have a Committee member who feels very strongly. I understand that. It is clearly part of the issue, but I would not say it is the full issue. Certainly, we received evidence that said one in six people struggle to identify the balance when they open their bank statement. Maybe there are literacy and numeracy issues there; I do not know. But we also heard that a lot of the problems were simply caused by a lack of money—not having enough money to go round.

We went out and did some visits. Toynbee Hall very kindly organised for us to go and talk to people with first-hand experience of financial exclusion. The point that they made, which we really took to heart, was that people on low incomes are often very good at managing. They have to be. They have such a small amount of money that every penny counts. While we felt that the things we had to say on financial education, literacy and numeracy were important, we also felt that we needed to be looking at the bigger picture, which gets us back into the poverty issues that Lord Bird was talking about.

Q167 **Chair:** That is very helpful. Can I thank you both very much indeed for your evidence this morning? If anything else occurs to you that we have not covered when you leave, please feel free to drop us a line. We will be pleased to pick up a number of the issues that you identified in the House of Lords Committee report, Baroness Tyler, and we will obviously watch the Creditworthiness Assessment Bill. We almost got through a whole session, Lord Bird, without mentioning Brexit, but you have given us a good example of where Brexit is holding up the very worthy things that need to be tackled, so thank you for that.

Lord Bird: The only point I would like to make, which is the way that much of my work is going, is to do with the mental well-being around poverty, around what it does to you and how it destabilises you. I know too many people in poverty who cannot make judgments, because they are so intellectually overloaded with just getting through the day, the week, the month and the year. I would love to see a day when we turn our social security system into a social opportunity system, and we start looking at people in need and saying, "Wow, what can we do with people like this?", at the same time as helping those people who will never be able to help themselves. We cannot forget those, but there are many people out there who are under starter's orders, if we can just lift the cloud of mental disturbance that goes with being in poverty.

Baroness Tyler of Enfield: Could I just say thank you very much for inviting me? I was delighted when I heard that you were going to be doing this inquiry. I felt that, in a way, you will be able to, I hope, make use of the evidence that we found and our findings and conclusions, but that you will be able to pick up the baton and take it forward. As I said, one of the problems with the ad hoc Lords Select Committees is that, after a while, they just gather dust on a shelf. It was, it seemed to me, exactly the right time to give this another boost and some more momentum, so the very best of luck.

Chair: Thank you very much indeed. Thank you for your time.

Lord Bird: I am very glad, because I have just survived my first Committee.

Chair: I hope we were gentle with you.