



HOUSE OF COMMONS
LONDON SW1A 0AA

5th March 2021

Juan Contreras,

RE: CORONAVIRUS: DEBT AND PRIVATE RENTERS

Thank you for your recent correspondence in respect of debt and private renters; your comments upon which I have read with great interest.

Problem debt is often difficult to escape and can have a devastating impact on existing issues including family problems and poor mental health. It is only right that people who fall into problem debt are helped to find a sustainable, long-lasting plan to solve their debt problems.

I welcome the action being taken to protect those who find themselves in problem debt through a new breathing space scheme. This scheme will have two parts: a breathing space period and a statutory debt repayment plan. Together, these two aspects of the scheme will protect debtors from creditor action, help them get professional advice on their debt problems, and help them pay off their debts in a sustainable way. Colleagues in the Treasury have already started work on this scheme by investing an additional £12.5 million throughout 2020-21 in order to implement breathing spaces as soon as possible.

Decisive action was also taken to protect renters during the Coronavirus outbreak by introducing a six-month moratorium on evictions in England and suspending housing possession proceedings. The ban on evictions provided security for millions of people at a time when many were struggling to make ends meet.

You may also be aware that the Local Housing Allowance (LHA) has already been increased to the 30th percentile of local market rents for Universal Credit and Housing Benefit claimants. This means that 30 percent of properties in each broad market area across England, Scotland and Wales are now within the LHA rate. This change will directly benefit over a million households who will see an increase in support of £600 a year on average.

On the benefit cap, although temporary changes have been introduced to support people at this difficult time, it is not the intention to fundamentally change the process, principles, or application of Universal Credit. The benefit cap allows for a yearly income of £20,000 outside London, (and £23,000 within London), and claimants may benefit from a nine-month grace period where their Universal Credit will not be capped if they have a sustained work record. Exemptions also apply for the most vulnerable claimants who are entitled to disability benefits and carer benefits.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you, then please do not hesitate to contact me again.

With best wishes,
Tom

TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE