



**EMBARGOED UNTIL 00.01 ON MONDAY 25 OCTOBER 2010**

## **Financial services key to rehabilitation revolution**

**Charities' report concludes turning people in prison into taxpayers will require a step change in access to financial services**

To deliver its 'rehabilitation revolution', the coalition government must secure the support of bankers and insurers who refuse access to basic financial services for people with convictions, argue the authors of [\*Time is Money: financial responsibility after prison\*](#).

The joint report, published today (25 October 2010) by the Prison Reform Trust and UNLOCK, the National Association of Reformed Offenders, argues that exclusion from bank accounts, insurance and affordable credit is preventing former offenders from getting into work and securing a home and forcing their families into debt.

The Ministry of Justice highlight stable employment and housing as the most important factors in reducing the risk of reoffending but achieving either is difficult without access to basic financial services. With the MOJ expected to make savings of 23 per cent in the current spending period, it cannot afford to miss this chance to reduce reoffending and cut prison numbers.

Chris Bath, co-author of the report, said: "Financial services are a crucial foundation for engagement in modern society. If we want people to lead productive lives; working, paying taxes and providing their family with a home, we cannot allow the justice system to sever people from their finances, even less to create lifelong financial exclusion."

The report found that a third of people in prison did not have a bank account and that more than half had been rejected for a bank loan. People in prison were ten times more likely to

have borrowed from a loan shark than the average UK household. This, the report argues, drives up crime as people take desperate measures to avoid the often violent techniques of unlicensed money lenders.

A person interviewed in prison by the researchers said: "The reason I'm in here, I did it to get money to pay off my bills. I regretted it from the moment I agreed to do it. But there was no other way at the time to pay my debts. I tried banks. I'd already asked my mum for far too much. I now know I could have discussed it with the people I owe, to pay off what I could. But I didn't think of that. I've got two years to regret it."

More than half of families said they'd taken on debt since their relative's conviction but only five percent of people in prison had been asked how their families would cope financially while they were in custody.

Rather than tackling these issues, the justice system exacerbates financial exclusion, the report claims, highlighting how sixty four percent of former prisoners felt that their debts had worsened during their sentence and more than four in five former prisoners had difficulties securing insurance.

The report also criticises a prison culture which discourages people from taking personal responsibility, finding that three quarters of former prisoners had never been asked about finances. Among the key recommendations are 'real wages', in line with Ken Clarke's recent proposals to introduce 'real work' into prisons.

Juliet Lyon, Director of the Prison Reform Trust, said: "Far too often people leave prison only to face a second sentence of no insurance or banking, mountainous debt, loan sharks circling and a family to provide for. The rehabilitation revolution stands or falls on banks, insurers, public agencies and government working together to allow people to take financial responsibility for themselves."

Chair of the Friends Provident Foundation, Ashley Taylor, said: "Society intends prison to punish individuals for their crimes not ruin their lives and those of their families, yet that is the effect that serving even the shortest sentence is having on prisoners, denying them access to the most basic financial tools for living and contributing to today's society."

"Friends Provident Foundation is delighted to have supported this groundbreaking research

by the Prison Reform Trust and UNLOCK, highlighting key areas for change required by both the financial services industry and public agencies.”

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## **Notes to Editors:**

- An embargoed copy of the report is available at:  
[www.prisonreformtrust.org.uk/uploads/documents/timeismoney.pdf](http://www.prisonreformtrust.org.uk/uploads/documents/timeismoney.pdf)
- The report was funded by Friends Provident Foundation, an independent grant-making charity working to create the conditions throughout the UK for improved access to appropriate financial services for those who are excluded.  
[www.friendsprovidentfoundation.org](http://www.friendsprovidentfoundation.org)
- The report was based on a survey of 144 people in prison and interviews with 47 of them, along with a survey of 24 former prisoners and 29 families of people with convictions
- Additional findings included:
  - More than half of those interviewed in prison were unsure or very unsure in dealing with banks
  - Eight percent of those surveyed said they had tried to borrow from a loan shark - a rate over 10 times higher than the average UK household
  - One in four people surveyed in prison had been threatened for a debt while in the community
  - Two thirds of the families in debt said their debts had increased since the imprisonment of their relative
  - Ten per cent of families said they were ‘in real financial trouble.’
  - Just over half of the people interviewed in prison had debts

- Two thirds of people interviewed in prison who had debts said they owed over £1000 and one in three said they owed money for housing
- Almost two-thirds of people interviewed in prison said they struggled to pay bills, or were in real financial trouble, before coming to prison
- Among the report's key recommendations are:
  - People should have the opportunity to open a bank account, combined with financial capability training and relevant information before discharge. A secure process should be developed by which people with bank accounts who are in prison can manage their accounts throughout their sentence.
  - People in prison should have the opportunity to earn a real wage allowing them to save for release, support their family, pay tax and national insurance and make debt repayments including to accommodation providers in return for guarantee to house them on release.
  - The credit industry should develop protocols for dealing fairly with people who are sent to prison.
  - The insurance industry should replace its discriminatory blanket ban with a data-driven risk pricing model.
  - All people in prison should have access to financial capability training, money and debt advice.
  - Benefits should be available from the day of release. Until benefits are made available on release, the discharge grant should be increased to the level of the current job seekers' allowance.
  - The Rehabilitation of Offenders Act (1974) should be fundamentally amended, and rigorous enforcement processes established, to ensure a proportionate balance between the rights of employers and the need to remove barriers to economic activity.
- About the Authors
  - The Prison Reform Trust (PRT), established in 1981, is a registered charity that works to create a just, humane and effective penal system. PRT aims to improve prison regimes and conditions, defend and promote prisoners' human rights, address the needs of prisoners' families, and promote alternatives to custody. PRT's activities include applied research, advice and information, education, parliamentary lobbying and the provision of the secretariat to the All Party Parliamentary Penal Affairs Group.
  - Dr Kimmett Edgar is the Head of Research at PRT

- UNLOCK, the National Association of Reformed Offenders, is an independent charity and membership organisation, led by reformed offenders. Its vision is equality for reformed offenders, defined as a society in which reformed offenders are able to fulfil their positive potential through equal opportunities, rights and responsibilities. It achieves its goals through projects, campaigns, and the provision of information, advice and support, aiming to highlight need, initiate new services, improve existing services and bring about system change. Since 2005, around 80% of UNLOCK's resources have been dedicated to tackling the financial exclusion of people with convictions and their families.
- Chris Bath is the Director of Projects at UNLOCK