



[www.fairforyou.org.uk](http://www.fairforyou.org.uk)



## Annual Review 2015

*Leading the challenge to high impact, predatory high cost lending in modern Britain.*

Registered Charity Number 1161809

Company Limited By Guarantee number 08991099

# Welcome From The Chair...



## Fair for You is on the verge of doing great things.

That there is a corner of the low cost credit market as yet unpopulated by any ethical or not for dividend provider is a truth acknowledged by no less than three erudite, independent and respected reports in the last year alone, and Fair for You's proposed model was identified as a partial solution to the poverty premium problem in each of them.

It has been an honour to be part of the the **Fair for You** journey over recent months; our CEO brings many years of experience leading a community based credit union. She has pulled together a team of people with shared values around using the tools of business to create public good. They bring expertise and passion to the table in equal measure and my team of charity trustees does likewise. The innovation in our work is in the way our tools will be combined and focused on delivering the solutions sought

by our customers. No national charity has ever played such a role in the lending market previously and, by focusing on essential household goods, we ensure that our impact targets those most in need.

We have gathered extraordinary support from investors, and our partners in this venture have been awesome! Whilst it's invidious to single out individuals the support we have had from The Esmée Fairbairn Foundation in particular cannot go without mention. New partners, who wish to share in or contribute to our venture, are always welcome.

In 2016 **Fair for You** will complete the journey from concept to reality. By this time next year we will be openly and transparently reporting the full impact of our work. That will include social impact reporting clearly identifying the direct benefit and wider impact on the family household felt by our first customers. We know that our low income customers will not only own a reliable, low energy washing machine but will save overall potentially £1,000 (compared to other providers in this market) in doing so.

That will be a proud moment indeed.

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# Our background...

**Fair for You** has been driven by a team that bring experience of running a sustainable community based credit union.

We recognised several barriers to challenging the growth of the rent to own sector, where we noted complaints from our community. Fair for You has been developed to overcome these barriers. We carry the ethos of the credit union sector in our objectives and through a national digital service are able to operate with a high level of efficiency. We have chosen to register as a charity to secure our mission and to ensure that the benefit of the work we do is for the customer. Like credit unions, we do not seek to have other owners or rights that ever sit above our consumers.



**Fair for You** is in the process of forming a wholly owned subsidiary CIC for the sole purpose of delivering the business plan scoped and presented to investors, based upon the research carried out in 2014.

# Our team...



## Tom Levitt - Our Chair

Considerable experience of the third / voluntary sector in UK including Chair of trustees, Concern Worldwide (UK); Chair of trustees, the Coalition for Efficiency (promoting charity effectiveness); Trustee, The Work Foundation; Non-executive Director, Digital Outreach / Convey Ltd; Chair of Parliamentary group on the voluntary and community sector; and Chair of Community Development Foundation.



## Lucy Caldicott - Trustee

Interim Chief Executive at UK charity Diversity Role Models. Has led fundraising teams at CLIC Sargent, Voluntary Service Overseas, the Prince's Trust and international marketing teams at American Express and MoneyGram International.



## Brian Hall - Trustee

Brian is an experienced executive with a background in insurance and regulated services, and now MD of a leading not for profit financial services provider.



## Tony Claytor - Trustee

Vice Chair, Consumer Credit Trade Association. Tony brings a long career, and huge expertise, in the personal finance sector.



## Alison Taylor - Trustee

Operations Director at Turn 2 Us, brings expertise in strategic planning, and managing operations within the third and statutory sectors, proven expertise working collaboratively to achieve measurable results



## Alan Dodds - Trustee

Non Executive Director and Vice Chair of Coventry and Warwickshire Partnership NHS Trust. Recently retired from a long career in banking and insurance, with considerable experience in the credit union sector.



## Howard Taylor - Trustee

Regulatory consulting specialist primarily focusing on conduct issues for banks and wealth management firms, experience of the changing regulatory environment



## Tom Lodge - Trustee

Consultant specialising in financial services, specifically in fixed income and derivative markets. He brings expertise in the practical implementation of risk management and regulatory compliance.



## Adrian Oldman - Trustee

Group PR Manager at Ecclesiastic Insurance, brings practical experience of devising and implementing integrated marketing and communication programmes in mutual finance and insurance sectors



## Katie Morgan - Trustee

Director of Services at PACT (Prison Advice & Care Trust) which works to support the families of people in prison. [www.prisonadvice.org.uk](http://www.prisonadvice.org.uk)



## Lindsay Melvin BSc (Hons), ACA, CTA, MCIPPDIP - Trustee

CEO of the Chartered Institute of Payroll Professionals, who are actively engaged in a wide range of initiatives to provide better solutions to employees through their payroll - especially into savings with credit unions



## Angela Clements - Our CEO

A former qualified and experienced banker, bringing expertise from turning around and leading a sustainable community based credit union.

# Our mission...

**Fair for You** aims to change the way we lend to lower income families in the UK.

We believe that when we lend well to lower income families we give them the means to lift themselves out of poverty and, not be trapped within it, as we so often see due to the nature of much of the high cost credit sector.

The agreed objectives of the Charity are for the public benefit to: advance education in relation to money and debt management; relieve financial hardship and distress and prevent and relieve poverty, through the advancement, provision and facilitation of affordable sources of credit.

We have taken all of the needs identified in our consumer research and tailored our process to meet the modern borrowing needs identified among low income families.

We noted particularly that there was a significant fluctuation and often low visibility of income, which means lending has to be flexible and supportive.

We found the most vulnerable group were working single parents, where the vulnerability was exacerbated by lack of time, smaller family network to help, no access to a car and the urgency of the situation and the type of need.



"I didn't realise how much I used my washing machine until it was broken ..... so I was doing washing at my sister's, my aunt's, then giving them £5 electric, couldn't use the tumble dryers so had to lug the wet washing around, you don't realise...but they put up the prices because they know people will pay it because it is an essential"

We found that this was a common statement and closely supports prior research by Demos in 2013. (see appendices for article / report)

**Fair for You** firmly intends to ensure that lower income families get a better lending solution when faced with an emergency such as a broken washing machine, that does not leave a long term impact.

Working with partners that share our ethos, we will work to improve customers resilience and reduce their vulnerability beyond the initial provision of the loan.

"I save and have an emergency saving but if you have spent that and something else happens ..."

We found from our research that many low income families have a very high propensity to repay but because they miss payments, have arrears in other bills, low income and past problems, they are not accessing affordable credit. Specifically we will seek to switch households from high cost credit.



"The most common reasons for people going into debt [ in polling ] were to fund a one off purchase (36%) or to cover an unexpected expense (34%)."

# What we have achieved...

In the Autumn of 2014, we carried out our consumer research. Initially we had assumed we should look the same as the rent to own sector that continues to expand rapidly.

On November 27th, we presented our Modern Borrowing Needs Of Lower Income Households at Church House and shared our research widely among not for profit lenders. In summary the components of a good quality lending to lower income families needed to have the following characteristics:

- Affordable
- Clarity of cost
- No hidden fees
- No obligatory added sales
- Flexible
- Supportive
- Holistic solutions
- High visibility
- Reliable and consistent

In February 2015, The All Party Parliamentary Group released Review into Rent to Own Sector (see appendices). They found 7 key aspects of concern, all of which we are confident to be addressing in our proposition:

1. RTO agreements are expensive and price transparency is poor
2. The market structures make customers vulnerable to over-charging
3. Concerns over the way insurance is sold
4. Poor value insurance
5. Firms may not be providing an adequate explanation of whether RTO is appropriate
6. High numbers of customers have their goods taken back or repossessed
7. There are a lack of mainstream alternatives.



In Spring of 2015 The Centre for Social Justice Report also highlighted the potential of our work and called for wider support for solutions based upon research and modern needs. (see appendices).

Throughout the year we have sought to influence the type of lending products being made available to consumers made vulnerable by their need and the lack of availability of good solutions.

**“The Financial Inclusion Commission wants to see a financially inclusive UK in which every adult and child can enjoy decent financial health”**

Sir Sherard Cowper-Coles  
Chair of the Financial Inclusion Commission

Sir Sherard also noted ‘The Commission heard evidence that over 350,000 households now rely on rent-to-own household items, which are expensive and have poor price transparency. We found that alternative providers might better meet the needs of low income customers.

The Commission wants to see financial services that are accessible, easy to use and meet people’s needs over their lifetime. Our report called for government, regulators, the financial services industry and civil society to work together to achieve this vision’ (see appendices for full report)



# What we have achieved...

Grant funding from The Esmée Fairbairn Foundation has been our sole income over this year, and our focus has been as outlined in our objectives in creating a fair and affordable alternative to this highly damaging sector.

The consumer research was carried out through an independent market research company which has informed and guided our work. This has also been shared with other not for profit lenders, and we have ensured the voices of our consumers were heard clearly by the All Party Parliamentary Group Review which has instructed action from the regulators to protect vulnerable consumers.



The work is only just beginning for **Fair for You** - we are very proud to have added valuable detailed research about the true impact on families that don't consider they have debt problems, but have expensive and painful credit when they need to buy a washing machine or other essential item.

We found stories of consumers having toast for tea and turning off the electric to be able to make payments and that they did not enjoy using rent to own companies, but felt they had no alternative.

“Fair for You is a timely and hugely important initiative. It offers the exciting prospect of truly making affordable household goods available to those who are currently forced to turn to overpriced high cost alternatives. Fair for You promises to do what few others to date have even tried – to combine seamlessly together an offer of affordably priced essential household items with an affordable means of paying for them. When large numbers of people are quite literally struggling to make ends meet as a result of the prolonged economic crisis and austerity, every pound saved on essential goods and services really matters.”

Niall Cooper, Director of Church Action on Poverty

“We step forward into the next stage of delivering our business plan with an amazing team and with hundreds of organisations from many fields working with us and committed to seeing the first national charitable financial institution providing a true alternative to one of the most impactful high cost credit sectors.”



*Angela Clements*

**Angela Clements**  
CEO, Fair for You



# The way forward...

**Fair for You** is creating a sustainable and scaled, tailored solution to meet the needs identified, with initial funding support from some of the leading social impact investors.



## Our Points Of difference:

- Efficient digital lending process
- Those we can't help will be routed to help and advice
- Loans will be flexible
- Supportive, with holistic solutions
- No hidden fees
- High visibility throughout Interest Company, wholly owned by the charity to deliver our objectives.
- Affordable repayments and pricing
- No obligatory insurances and warranties
- No incentivised sales staff
- Open and transparent reporting

**Fair for You** is a charity in the unique position of being able to report openly and transparently all aspects of its lending.

Reports consistently identify the poverty premium and the impact and cost of high cost credit. Fair for You believes that having access to appropriate credit services to overcome emergencies has a positive impact on the family household finances.

The proposed social impact reporting framework for **Fair for You** is based on the understanding of our need to measure both immediate outputs and longer term outcomes which reflect our social mission, and our need to learn as an organisation; to share that learning with investors and other stakeholders, and to influence the wider market.

We commit that our learning will not only improve our own work and service to our customers, but that it will be disseminated widely and openly.

“There needs to be someone there to help, there's got to be, there needs to be, because there isn't at the moment, a nice company because there are genuinely people that do want to do something for people on low incomes who are struggling, they need to be reliable and then you will trust them.”

(Quote from our consumer focus group)

We are determined to influence the improvement of the family household finances and reduce its vulnerability which will target directly the strategies of the worst examples of high cost credit operating today.





## Working together...



“For far too long, far too many people on low incomes have had little alternative but to use high cost and predatory lenders to obtain basic household items. That is all about to change. **Fair for You** puts the consumer interest at the very heart of its business: offering quality items, affordable interest rates, and the flexibility in repayment terms that low income households need. It rejects the exploitative practice of bundling in high cost insurance with agreements and instead provides extended warranties on items at cost price.

**Fair for You** also takes care of its customers and treats them with the respect they have long deserved, and long been denied. It provides support for people to manage their money, claim the benefits to which they are entitled, and build up savings. It directs people with debt problems to sources of help and advice. But what is really great about **Fair for You** is its ambition. This is not just another small scale, localised, initiative. It is the first real national challenge to the high cost sector, and I am proud to support it.”

**Damon Gibbons, CEO of Centre for Responsible Credit**



“During the course of my work, I have met literally thousands of low-income individuals and families all over the UK and have seen first hand the destructive impact predatory lending organisations can have on our communities.

That’s why I fully support **Fair for You’s** mission to drive real change in the way low-income households access ethical credit for the purchase of essential home items. Fair for You genuinely cares about the financial wellbeing of consumers and addresses their needs holistically - from the provision of high quality goods and affordable repayment plans, to essential money- management support, ongoing help and expert advice - all of which results in peace of mind for households who are often facing challenging circumstances.”

**Geoff Leech, Managing Director of credEcardplus**



**Fair for You** are proud to be working to alleviate poverty with the following funding partners:



<http://www.esmeefairbairn.org.uk>



**Garfield Weston**  
FOUNDATION

<http://www.garfieldweston.org>

**the Tudor trust**

<http://www.tudortrust.org.uk>



<http://www.barrowcadbury.org.uk>

**JRF** JOSEPH ROWNTREE FOUNDATION

<http://www.jrf.org.uk>

# Join the challenge...

**Fair for You** has been funded throughout its research, scoping and development by The Esmée Fairbairn Foundation. We wish to thank them for their support through the past year and for agreeing to be one of our founding investors as we commence our work to change the way we lend to lower income households in modern Britain. We are working with some extraordinary social impact foundations and will feature each of our investors and supporters on our website and our regular updates.

**Fair for You** would also like to thank the Funding Network for their donation towards our valuable work (<http://www.thefundingnetwork.org.uk>) and are delighted to also be working collegiately with hundreds of organisations from a wide range of sectors, each adding to our work and building the energy that is helping to make our vision a reality. If you would like to be involved in our work then please contact us. (Click to select an option)

I WANT TO  
INVEST IN FAIR  
FOR YOU

I WANT TO  
FOLLOW THE  
PROGRESS OF FAIR  
FOR YOU

I WANT TO  
PARTNER WITH  
FAIR FOR YOU  
AND ADD TO ITS  
WORK

I WANT TO  
ADVOCATE THE  
WORK OF FAIR  
FOR YOU TO OUR  
CLIENTS AND / OR  
TENANTS



# Appendices...



**THE BORROWERS, Looking beyond the financial impact of debt, DEMOS 2013**  
<http://www.demos.co.uk/publications/borrowers>



**Review into Rent to Own Sector, The All Party Parliamentary Group Feb 2015**  
<http://www.appgdebt.org/inquiry/>



**The Centre For Social Justice Report, Spring 2015**  
<http://http://www.centreforsocialjustice.org.uk/UserStorage/pdf/Pdf%20reports/CSJ---Future-Finance.pdf>



**The Financial Inclusion Commission Report, March 2015**  
[http://www.financialinclusioncommission.org.uk/pdfs/fic\\_report\\_2015.pdf](http://www.financialinclusioncommission.org.uk/pdfs/fic_report_2015.pdf)