

# **MONEY MATTERS CASE STUDIES**

## **Case Studies**

Please look at the case studies below. In your groups, discuss the household situation.

Firstly, can you make points around areas of concern you would have.

Secondly, can you offer up any solutions which may help ease any financial difficulty?

## Case study 1

Mr and Mrs White live in a home which they mortgage from ABC Building Society. The mortgage loan at the time they purchased was £220,000. The balance owed today they think is around £195,000. Their monthly payment is £650 which they have been advised is an interest only payment, although they are not sure what this means.

Mr White works in a tyre factory, he works 37 hours per week and takes home £285 per week.

Mrs White works as a clerical assistant in the local hospital. Her contract is for 25 hours per week and she takes home £758 per month. Mrs White has just returned to work after the birth of her third child.

The couple have three children. Ellen is 7, Mark is 3 and the baby is 9 months old.

Mrs Brookes looks after the children while Mrs White is at work and charges £100 per week, although this will change now she has the third child to mind.

The Whites are struggling to keep everything going. When they bought their house, they had only one child and Mrs White's mother kept Ellen until Mark was born. They are now finding their finances very tight and have expressed worry and concern over their situation.

*Can you discuss the Whites situation and offer up any solutions/ideas that may help the family*

## **Case study 2**

Sean has just celebrated his 18<sup>th</sup> birthday. He received his A level results and was delighted to achieve the 2 A's and 1 B to allow him a place in the physiotherapist course he wanted to do.

Although his parents are both working, Sean has younger brothers and sisters and therefore there is not much spare money in the household budget.

Sean and his parents decided he should borrow the money to pay his university fees and arranged an appointment to speak to his local bank about an account for him to operate whilst he is at university.

Sean was delighted when he visited the bank and received an overdraft facility on his student account of £3000 and a credit card with a £500 limit.

Sean will now have responsibilities in ensuring he has budgeted for certain things, but he is not sure what these responsibilities will be.

*What points would you highlight from this case study?*

*What options or advice if any would you offer to Sean?*

### **Case study 3**

Ann was made redundant from her long term job two years ago and during this time she found it increasingly difficult to keep control of her finances.

Her redundancy money drifted away on things she cannot even remember buying and she lived on credit cards and loans to help her remain in the standard of living she had been used to.

Now, Ann has found a new job, but she also has accrued a lot of debt through overspending and sees no way out of this situation.

For months she had been paying one credit card off against the other and has run the credit up to its limit. She has now begun to miss payments and is getting all sorts of calls and letters of demand for payment.

Ann felt her new job was a new start for her but is feeling so anxious about the debt situation that the doctor has prescribed anti depressants to help her cope.

*What areas of concern would you have around this case?*

*What questions would you ask Ann to get a clearer picture?*

*Are there any solutions you could offer to Ann at this stage?*

## Case study 4

Mr and Mrs Smith are approaching retirement and are quite worried about their finances.

They took out a remortgage on their home 5 years ago and thought they would have been able to pay extra every month to clear the mortgage sooner but unfortunately, due to illnesses and other debts and expenses, they have not been able to do that and have another six years until their mortgage is paid in full.

Mr Smith currently works as a builder and physically feels he is not able to carry on this heavy workload much longer, he is struggling with his health and regularly sees his doctor regarding his blood pressure, diabetes and pains in his joints.

Mrs Smith works in the local health centre and her hours have been cut in the last few years.

They have two grown up children who are both professional people with their own families. They come to visit most weekends and Mr and Mrs Smith love to see their grandchildren.

What advice would you give to the Smiths now they are nearing retirement?

*What questions would you ask around their mortgage?*

*What other questions would you ask them about their finances?*