

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

Suggestions that may help Mr and Mrs White

Talking to a financial adviser about their mortgage, to ensure they are aware what interest only means and see if there are any methods of changing this.

Is there any entitlement to child tax credits to help with the child minding?

Is there any entitlement to working tax credits?

Completion of a budget planner to help the Whites budget better. When the full child minding fees are paid, how much has Mrs White left from her wage?

Any crèche facilities at either place of work?

Case Study Answers

Case study 2

Sean has just celebrated his 18th 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?

Suggestions that may help Sean

Is Sean aware of the full cost of his education?

Has he checked into any grants that may be available?

Suggest he talks to a welfare officer at the university and looks into any discretion funds which may be available.

Does Sean need an overdraft of £3000?

Has Sean been made aware of the principles of an overdraft?

What interest charges are imposed on this account? Suggest he may not need this amount of overdraft.

Does he need a credit card?

Completion of a Home Budget Planner form with Sean would be beneficial to see how much he knows about the cost of living today.

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?

Suggestions for Ann

Suggest she speaks with a money adviser, within a charity organisation, as soon as she can, to get a full picture of the extent of her debt.

Were there any payment protection policies included with her creditor accounts?

Urge she stops spending on the cards, it is a false sense of security.

Bear in mind Ann's mental health state.

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?

Suggestions for the Smiths

Suggest they look into the sale of the mortgage, what provision was allowed for to continue to pay into retirement?

Are there any personal or occupational provisions?

Have benefits entitlement calculations been completed and also look into the entitlement of DLA/Attendance allowance for Mr Smith.

Investigate availability of benevolent funds.

Have the couple made a will, is there any possibility that their children would take over the mortgage payments in the event of them not being able to?

Case Study Answers