

Subprime credit cards: Alison's story

Alison's experience with subprime credit cards was a problematic one. Her disability meant she was unable to work, and she was also responsible for caring for her mother, who had Alzheimer's.

"I thought that because I had no real credit rating to start with, I'd apply for a credit card and see if I could get one. My intention was just to use it for our caravan when we went on holiday, I'd pay the pitch upfront then I'd pay it off."

Alison found that credit was all too easy to come by.

"I was shocked to be accepted but thought – oh that's great! But then I started to be bombarded with other credit card companies, who'd be sending applications through the post."

Alison was surprised. On her original application she'd explained her only income was from her Personal Independence Payment (PIP), some carers allowance for her mum, and some rent money from a daughter who lived at home.

Difficulty meeting living costs

Alison was also using her credit cards to pay for gas, electricity, council tax, and sometimes even food.

"My benefit payments weren't going far enough. Once I'd paid the normal rent, council tax, and everything you have to pay, there was nothing left."

Getting debt advice

Alison contacted all her creditors to ask if they would freeze interest on her debts and accept settlement offers.

"A lot of them said no, so I got in contact with StepChange. The lady who helped me was wonderful. By the time we went through everything on the phone, and she sent me a few things, it was like a switch had flipped."

Alison is now on a minimal asset process (MAP) bankruptcy, a Scottish debt solution.

"Money's tight now, but we have nothing on credit whatsoever. If we want it, we save up for it."

Alison is no longer relying on high interest credit cards to pay for her living costs, instead she's now looking forward to a fresh start once she's finished her MAP bankruptcy.

Key facts

- 47% of our clients who took out a high interest credit card were behind on a priority bill
- Our clients say the main reason they used a subprime card is to pay for living costs

What could help reduce the harm of subprime credit cards?

- A cap on the cost of 'revolving' credit to protect borrowers against unreasonable or harmful costs
- Strengthening creditworthiness and affordability rules

