

The cost of living crisis: an interview with Amon Ghaiumy, CEO and cofounder at Ophelos

Ophelos is a new kind of debt collection with a social purpose and mission to put people and their wellbeing first. We spoke to its CEO and cofounder about the cost of living crisis, ethical debt resolutions and the taboos of debt.

Temps de lecture : minute

18 July 2022

How can the Government work with businesses to support vulnerable customers in debt?

In a word, lots. The cost of living has reached unprecedented levels and it's only going to get worse. The Government needs to seriously consider the rules that govern businesses collecting debts, and the treatment of their customers in arrears. Inflation, surging energy bills, rising food prices among other hikes will see millions of households across the UK unavoidably fall into debt – in many cases due to circumstances out of their control.

Despite the FCA rules that state businesses must treat customers fairly, recent news headlines have told a different story. Harassing phone calls, final notices served and in extreme cases, bailiffs appearing on doorsteps demanding immediate payment have all been tactics employed by firms to recover outstanding balances.

Moving forward, the Government and businesses alike need to take more ethical and customer-oriented approaches to debt collection. Here, technology is key. Machine learning technology can be used to help identify customers who may be in vulnerable situations. It can also help by streamlining processes that allow customer support staff to dedicate more time to people in need.

Being customer centric also means giving people more options for resolving their debts, and not being intimidating in their communications. At Ophelos, for example, we give customers a range of personalised and affordable options to pay now, later, or over a number of instalments that suit their financial situation. We also never ask someone to pay a debt they cannot afford, instead providing them with individual support or referring them to a debt charity that can help them.

Why do you think there is still a taboo for being in debt, despite the cost of living and inflation skyrocketing?

I believe that a lot of the historical context around the shame or taboo of being in debt holds its roots in debt is caused by minority cases of excessive spending or irresponsible handling of money. Basically, the idea that you brought it upon yourself.

In reality, the vast majority of people get into debt through little fault of their own.

The cost of living crisis has made this particularly apparent, with uncontrollable costs such as inflation, rising energy prices, council tax, food and essentials pushing millions of people into debt. Whereas

previously people would voluntarily borrow if it meant being able to afford what they want, now, they're borrowing money simply to put food on the table.

To quash the taboo of debt, we first need to normalise the idea of being 'in debt' and start treating financial health the same way we treat physical or mental health. Many will likely face debt at some point in their lives, whether by choice or not. Therefore, we need to collectively create an environment where people feel empowered talking about it and aren't shamed into silence.

Businesses can help here by creating a more positive dialogue with their customers in debt, and giving them more options when it comes to resolving it. For example, from speaking with customers, we often find that even when people can't afford to repay their debt, having someone to speak to about it goes a long way. If we can actively work to remove the stigma associated with debt, we'll already be a step closer to building a better, more sustainable financial system for everybody.

How are fintechs like Plend, Yonder and Butter using your platform for ethical debt resolution?

Fintechs like Plend, Yonder and Butter are all using *our platform*, and therefore have already made that initial step, but our approach to debt resolution has simply been an extension to their already customer-centric business models.

Plend is helping individuals who have previously struggled to gain access to loans, using Open Banking to calculate affordability, while ensuring they educate customers about responsible use of their credit. Butter is positioned around giving entire transparency across the credit life cycle

for its customers, including debt resolution.

Credit card startup Yonder, for example, wants to improve their customers' relationship with credit by educating users on how it can be used effectively and responsibly. Its app will explain when and how interest is paid, as well as notifying customers if they aren't meeting the recommended repayments. The common denominator is that they're all for starting conversations about debt as early as possible.

How is Ophelos helping those in debt? How is your approach different to traditional debt collectors?

We founded Ophelos to completely rethink how we as a society are approaching debt collection, by putting people's financial health first. Innovation has given us simpler, faster, cheaper and fairer access to debt, but a lack of innovation in debt collection has left this industry stuck in the past. If technology is making it easier for customers to get access to credit, we have a responsibility to also make it easier for customers to get out of debt.

At Ophelos, we never use bailiffs, intimidating tactics or big red-stamped final notice letters. Instead, we're marrying machine learning technology with a caring, understanding approach to simplify debt resolution and give individuals the right tools to take control of their own financial health. A big part of our approach is also helping businesses to better identify and support their vulnerable customers facing debt. We have developed 'OLIVE', our proprietary natural language processing model which is capable of 'understanding' customer messages and flagging up individuals who may be in vulnerable situations to our customer support agents.

We also give individuals more choice when resolving their debts. Through our platform, we make it easy for customers to digitally self-serve, or engage with us through their preferred communication channels – whether that be over live chat, SMS, the phone, through the post, or email.

Furthermore, by enabling individuals to resolve debts with technology, the volume of calls is drastically reduced. This massively improves their customer experience while reducing the strain on call centres for businesses.

As a tech business, we're also always giving our clients access to richer data and actionable insights. Before, companies were left in the dark when it came to how effectively they were supporting their customers in debt. Now, we can help them to understand why their customers are going into debt and how they can best help them.

How much more does Ophelos believe the government and associated bodies can do to help those at risk of debt during the current cost of living crisis?

The Chancellor's recently announced support package to tackle soaring energy prices, whilst a welcome increase in support, is just a temporary fix to an ongoing systemic problem. The £400 grant for all, and the £650 payment for lower-income households, will only come into effect in autumn, meaning households still face a tough few months ahead.

I believe there is still much more to be done if we are to alleviate the financial pressures on

households across the country.

Firstly, I think there needs to be more consistent and sustainable financial support for households from the Government. Secondly, it should be a regulatory requirement for businesses to implement technology that better identifies, supports and manages customers who fall into debt. The reality is that a growing majority of customers today are digitally savvy, and prefer to use digital communications over traditional methods, like phone calls or letters. We should never force someone to have a conversation over the phone, or even in person, about their debt if they aren't comfortable doing so.

Moving forward, businesses will be increasingly judged by how they treat their customers in debt. Now, and in the long term, we need more tech-driven solutions with an ethical core that identify and support vulnerable customers.

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