MONEY AND MENTAL HEALTH
POLICY INSTITUTE

IN CONTROL

A CONSULTATION ON REGULATING SPENDING DURING PERIODS OF POOR MENTAL HEALTH

Executive summary

Understanding crisis spending

One of many reasons people with mental health problems often end up in financial difficulty is because they struggle to control their spending when unwell. The vast majority of higher spending could be categorised by the term ‘crisis spending’. We define this as spending behaviour which:

1. Occurs during a period of poor mental health
2. Is motivated by emotional or psychological needs and processes, rather than material need, and
3. Causes some form of financial detriment - including debt, debt crisis, or savings depletion

Crisis spending may manifest itself in different ways or be driven by different psychological or emotional needs and impulses. Key warning signs are a large number of transactions in a short period of time and increased spending late at night.

Tackling the problem

Our objective is to empower consumers to better control their own behaviour. This paper explores policy solutions which.

- Can be put in place during a period of good mental health by the individual, either alone or with the support of a carer/ trusted friend /adviser
- Prevent or reduce the incidence of financially harmful behaviour during a period of poor mental health.

Many of these solutions are not straightforward, and will require the support of the finance, retail and health sectors in particular to be successful. In this paper we set out a series of questions to gather expert input on how we can ensure these solutions are as effective and achievable as possible.

A key consideration will be how “sticky” this framework is. There must be some barriers to the easy removal of restrictions a person has put on themselves, but if nudges are too permanent they could unduly limit an individual’s freedom. We have developed a hierarchy of the different processes that could be required for removing any restrictions on a user: the further down the list, the more effective restrictions are likely to be, but the more legally risky they become.

1. Double-confirmation by the user required to remove restrictions
2. Alerts to a third party when restrictions removed
3. Mandatory cooling off period before restrictions removed
4. Cognitive/mental capacity assessment before restrictions removed
5. Third party sign-off before restrictions removed

Therapeutic support

Many mental health service providers work in partnership with third sector organisations to provide financial, welfare, debt and employment advice for service users; there are an increasing number seeking to deliver some of these services in-house as part of standard care. However, support for individuals with the processes and emotions of managing their money, and in particular the urge to spend, appears to be far more rare.

The evidence from people with mental health problems that emotional and psychological factors are powerful drivers of their financial situation suggests this gap in service provision should be addressed.

Developing a protective financial services environment

The financial services sector is uniquely placed to develop new products, procedures and systems to help people protect themselves from damaging financial behaviour during periods of poor mental health.

Spending facilitated by new credit

Individuals can already put a Notice of Correction on their credit file notifying lenders that they live with a mental health problem and requesting that they not be lent to. However, this can be removed by the individual and there is no requirement not to lend to a person with such a note on their credit file.

People with mental health problems have told us they would like the option to:

- Be able to exclude themselves from securing credit altogether
- Be able to exclude themselves from particular forms of credit such as payday loans or online credit applications
- Have credit applications authorised by a trusted friend before they are processed
- Have a trusted friend notified of credit applications and/or changes in their credit score.

While self-exclusion from credit could help those who are aware that they have a problem, we need to also address mental capacity at the point of sale of credit. Our research suggests very high numbers believe they did not have mental capacity when taking out a loan. We will conduct more research to understand channels through which people are sourcing credit when they do not have capacity and what indicators banks could use as "reasonable grounds" to suspect capacity limitation.

Spending without new credit

In many cases, excess spending is possible without applying for new credit.

Many people have told us they would like firmer "tramlines" and restrictions to help maintain "good" financial management, including jam-jarring options, delays for large transactions and access for a trusted friend or third party to part or all of their finances.

Some of these product features are already available in one form or another in the marketplace, but are usually premium or paid-for products. The challenge is to make these services available to everyone with demonstrable need.

Many other consumers with mental health problems have told us they would rather see financial restrictions that kick in when their spending behaviour changes. More work needs to be done to identify what qualifies as unusual financial behaviour, as it is likely this will differ from patterns associated with fraud.

Once changes in financial patterns have been identified, consumers have suggested a variety of protections/ actions that they would like to occur including:

- Alerting the individual to their changed behaviour
- Alerting a nominated third party
- Imposing additional constraints on spending
- Freeze new credit spending altogether.

Responsible Retailing

The growing drive for frictionless transactions risks serious detriment to those with mental health problems and other vulnerabilities. This paper sets out a variety of ways to restore or retain friction in these transaction processes where it is needed.

Online

Consumers with mental health problems reported particular anxiety about their inability to regulate spending online. Consumers told us they would like to be able to limit their accounts in the following ways:

- Delayed processing of transactions made during the night, pending confirmation in the morning
- Third party authorisation of large transactions
- Monthly or weekly spending limits.

Subscription

Subscription retail is a growing model where consumers sign up for a monthly or other regular payment and receive products, or credits towards products, each time. This creates a default in favour of a purchase which can be damaging to those who are not able to manage their finances. Cancellations can be particularly difficult for those unable to use a phone.

Premium rate phone lines

A variety of services are available to consumers via premium-rate phone lines, many of which - such as psychic readings and adult chat - can be particularly appealing to those in vulnerable situations, facing adversity or loneliness. Consumers do not have a right to block or bar these phone numbers.

Television-based retail and gaming

Consumers with mental health problems have identified shopping and gaming via TV as a serious potential risk, especially when broadcast during the late evening and night. The regulatory framework for teleshopping and gaming does not adequately consider the needs of vulnerable consumers, who do not have a right to block channels and programming of this kind.

Catalogue credit

Consumers with mental health problems who responded to our survey told us that catalogue credit was particularly hard to resist when unwell. Catalogues are distributed by mail and door-to-door, and consumers do not have a way to self-exclude from this marketing.

Personalised advertising

Many consumers have told us they find personalised online advertising based on their past browsing behaviour to be detrimental to their attempts to change that behaviour. There is an opportunity to develop more flexible systems of advertising that help users to build a personalised advertising experience that supports efforts towards behaviour change.

How to contribute to the consultation

After setting out the problem and our approach in sections one and two, this paper explores a variety of policy solutions across the health service (section three), finance (section four) and retail (section five) and invites experts with personal or professional experience to respond. Full details of how to respond are included at the end of this document, along with a summary of the consultation questions.

Section One - Understanding Crisis Spending

Money and Mental Health is a new charity established to break the link between financial difficulties and mental health problems. People with mental health problems are far more likely to face financial difficulty than others; in our first, groundbreaking report (Money on Your Mind), we analysed the experiences of nearly 5,500 people with mental health problems to develop the first comprehensive map of the reasons why.

One of the significant pathways to emerge during this mapping exercise illustrated below, was the struggle faced by many people with mental health problems to control their spending when unwell. 93% of respondents to this first Money on Your Mind survey told us that they have spent more during a period of poor mental health; 71% do so 'always' or 'often'.

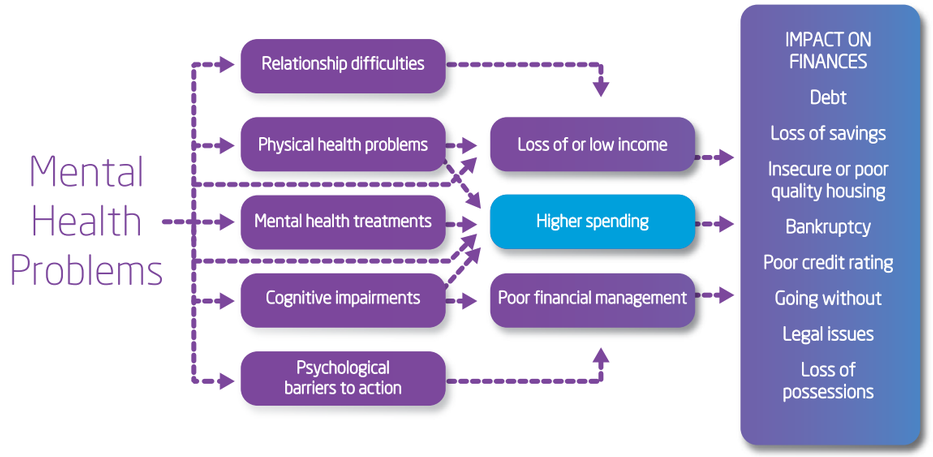
This survey was not conducted with a representative sample, and we cannot be certain the numbers reporting changes in spending behaviour would be consistent across the general population of people with mental health problems.

Nevertheless, the numbers are so high it is clear this is a substantial area of concern that merits policy makers' attention.

Some of the additional spending reported by people may be related to increased costs associated with poor mental health (e.g. increased heating costs for those at home during the day). However, our results suggest this is the main factor for only a small minority of respondents. The vast majority of higher spending could be categorised by the term 'crisis spending'.

We define this as spending behaviour which:

1. Occurs during a period of poor mental health
2. Is motivated by emotional or psychological needs and processes, rather than material need, and
3. Causes some form of financial detriment - including debt, debt crisis, or savings depletion



Crisis spending may manifest itself in different ways or be driven by different psychological or emotional needs and impulses. This paper focuses exclusively on the challenge of supporting people to prevent or limit this 'crisis spending'. Future work will address the many and diverse other causal pathways linking money and mental health as set out in the diagram on the previous page.

Sources of evidence

Following on from our initial, large-scale survey, Money and Mental Health conducted a more in-depth online survey focused on understanding and preventing crisis spending. This was completed by 257 people with experience of higher spending during a period of poor mental health.[1] We also conducted a focus group with nine people who had experienced crisis spending and reviewed existing literature and evidence. Drawing on these three research strands alongside the existing body of knowledge we can now lay out strong evidence detailing the experience and manifestation of crisis spending, as well as proposed solutions for discussion, which were supported by many people with personal experience of crisis spending.

Why does it happen?

Everyone may at some point carry out transactions that, on reflection, were impulsive in nature. However this impulsive spending can become a repeated behavioural pattern during a period of poor mental health, with potentially serious consequences. Elevated levels of impulsivity are already known to be core clinical feature of bipolar disorder,[2] borderline personality disorder,[3] and schizophrenia[4] and there is also evidence to suggest that general psychological distress is linked with increased impulsivity.[5] This can mean people are more prone to spend impulsively and do so repeatedly while unwell. Discussion from our focus group supports such an assertion, with participants speaking of repeatedly buying certain items without any thought or consideration during the purchase.

There is no single psychological driver for spending behaviour, however. Money and Mental Health's research[6] has identified six primary psychological drivers for increased spending:

- **Manic spending** during a high or period of mania
- **Nihilistic spending** where the transaction, or life itself, is considered meaningless
- **Comfort spending** to boost low mood
- **Social value spending** to boost status or self-worth by giving money or gifts to others
- **Impulsive spending** where respondents couldn't recollect or attribute purpose to the transaction
- **Addictive spending** to feed an addiction.

These primary drivers are supported by all three strands of our research and existing academic studies. Some of these drivers for increased spending are distinct in nature and related to the experience of specific mental health problems, while others appear more interrelated and may emerge from several mental health problems.

Manic spending is a particular feature of the manic phase of bipolar disorder[7], during which people may spend large sums of money on ambitious plans or become fixated on certain goods, buying multiples of the same item without thought or consideration as to their need. Similarly our research suggests **impulsive spending** involves purchases to which people are unable to attribute any purpose, appearing to be driven by impulses that then dissipate. Irrational beliefs play a primary role in both the onset and maintenance of common mental health disorders such as anxiety and depression, where people's thought processes about events and the world around them are often distorted and negatively skewed.[8 9] This can lead people to catastrophise and fear a lack of approval from others; both are thought processes that have been linked to compulsive buying.[10] Our research suggests that the former may exhibit itself in the form of **nihilistic spending**, where individuals spend recklessly due to a hopelessness about the future. The latter may give rise to **social value spending**, where individuals will spend money on others as a means by which to gain approval they believe they lack.

Everyone's mood will fluctuate over time, however persistent low mood is a common feature of mental health problems such as depression.

Persistent low mood may also be accompanied by low self-esteem and feelings of worry and frustration. Engaging in spending to temporarily alleviate these feelings is seen as **comfort spending**.

Addictive spending refers to spending on addictive behaviours such as gambling or on addictive substances such as alcohol, tobacco and other drugs. Those with mental health problems are believed to have a higher than average risk of engaging in substance abuse and problem gambling while unwell.[11]

What does it look like?

Our initial work suggests that crisis spending manifests itself in different ways and can be driven by a variety of psychological or emotional needs and impulses. Nonetheless, our research suggests several observable commonalities across people's experiences of crisis spending. Based on what people have told us, there may be identifiable triggers and indicators that precipitate and identify a spell of crisis spending. These include changes in transaction patterns and increased use of certain shopping channels while unwell.

More than two thirds of respondents to our crisis spending survey told us that the clearest indicator that their spending patterns were becoming a problem was **a large increase in the number of transactions carried out over a short period of time.** In addition to the frequency of transactions, the time at which they occurred also emerged as a key indicator, with 40% stating they spent more late at night while unwell. **Increased spending late at night** also emerged as a key theme in our focus group, with participants remarking that staying up late shopping was a way to hide their problematic spending behaviours from their partners or family, or a source of comfort when they couldn't sleep.

What harm does it cause?

It is clear from our research that this kind of spending has a noticeable financial detriment. When increased spending wasn't facilitated by access to new credit, half of respondents told us that they depleted their existing savings, a third put off paying bills as a result of this increased spending and a third resorted to going without essentials such as food or heating. Our research showed that both going without essentials and the actions of creditors resulting from putting off paying bills are also likely to have a detrimental impact on mental health, reinforcing a negative cycle between mental health problems and financial difficulty.

Further work

Together, this evidence demonstrates that crisis spending is a real, large-scale problem causing substantial consumer harm and meriting the attention of policy makers in government, financial services, healthcare and retail alike.

However, the vast majority of the evidence on crisis spending is qualitative or based on studies of small groups. A deeper, more data-rich understanding of the phenomenon would help us to quantify the harm more accurately and formulate the most appropriate policies. The rise of data analytics and machine learning in financial services offers the opportunity to dramatically improve our understanding of the problems and the patterns of damaging financial behaviour among those with mental health problems.

Therefore Money and Mental Health will work with partners to develop a large scale study of financial behaviour in individuals with mental health conditions to deepen our understanding of the correlation between diagnosis, mood and financial management.

1 Money and Mental Health works with a growing panel of Experts by Experience, recruited via online channels including social media to conduct our consumer research. The panel is comprised of those with mental health problems or experience as carers.

2 American Psychiatric Association. Diagnostic and statistical manual of mental disorders (DSM-5). American Psychiatric Publishing. 2013.

3 Lieb K, Zanarini M, Schmahl C, Linehan M, Bohus M. Borderline personality disorder.The Lancet 2004; 364; 453-461.

4 Heerey E, Robinson B, McMahon R, Gold J. Delay discounting in schizophrenia. Cognitive Neuropsychiatry 2007; 12; 213-221.

5 Mantzios M. Exploring the Relationship Between Worry and Impulsivity in Military Recruits: The role of Mindfulness and self-compassion as Potential Mediators. Stress Health 2014; 30; 397-404.

6 Holkar M, Mackenzie P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.

7 American Psychiatric Association. Diagnostic and statistical manual of mental disorders (DSM-5). American Psychiatric Publishing. 2013.

8 Bridges, K. R., & Harnish, R. J. Role of irrational beliefs in depression and anxiety: a review. Health 2010; 2; 862-877.

9 Beck A. The current state of cognitive therapy: a 40-year retrospective. Archives of General Psychiatry 2005; 62; 953-959.

10 Harnish R, Bridges K. Compulsive buying: the role of irrational beliefs, materialism, and narcissism. Journal of Rational-Emotive & Cognitive-Behavior Therapy 2015; 33, 1-16.

11 Compton W, Thomas Y, Stinson F, Grant B. Prevalence, correlates, disability, and comorbidity of DSM-IV drug abuse and dependence in the United States: results from the national epidemiologic survey on alcohol and related conditions. Archives of general psychiatry 2007; 64; 566-576.

Section Two - Tackling the problem

Developing policies to address crisis spending is extremely challenging because it requires us to develop a thoughtful and sophisticated understanding of the self, and human behaviour. Many people with mental health problems told us - after the fact - that they wish their financial autonomy had been limited when they were unwell. However, the bar for taking away people's rights or freedom when they are unwell is rightly set very high. It would be utterly wrong for the state - or a financial services company - to make arbitrary determinations about a citizen's mental health that affected their rights.

In future work, we will consider whether the boundary for state intervention in a citizen's financial affairs is set at the correct level. But this paper focuses on a set of interventions that we believe are possible without further legislation, or new determinations by the state, because it is built on the principles of personal empowerment. This personal empowerment, enabling people to have greater control over their own lives, not only has benefits for our finances, but for our mental health too.[12]

Most mental health conditions fluctuate; people will have periods, sometimes years at a time, when they are healthy, and able to manage their finances in exactly the same way as everyone else. But there will be periods of time when they are unwell, during which it is possible to do immense financial harm. Our objective is to identify policy solutions which:

- Can be put in place during a period of good mental health by the person themselves, either alone or with the support of a carer, trusted friend or advocate
- Prevent or reduce the incidence of financially harmful behaviour during a period of poor mental health.

It is important to recognise that crisis spending is normally transitory: it occurs when someone's financial behaviour is inconsistent with what they usually want or their normal preferences. So, rather than being unduly prescriptive, we will design solutions that support people to reinforce their own 'normal' or 'healthy' preferences, deterring divergence during periods of poor mental health. A distinct advantage of this approach is that it does not require any judgements as to how individuals ought to behave. Rather than playing a normative role, we want to provide tools for individuals to regulate their own behaviour more effectively.

How can I shape my future behaviour?

Psychologists have converged on the understanding that there are two distinct 'systems' operating in the brain as detailed below:[13]

System	Reflective	Automatic
Characteristics	Controlled Effortful Deductive Slow Self-aware	Uncontrolled Effortless Emotional Fast Unconscious
Examples	• Learning a foreign language • Planning an unfamiliar journey • Sticking to a budget	• Speaking in your mother tongue • Taking the daily commute • Wanting to buy something

12 Baumann A. User Empowerment in Mental Health: A statement by the WHO Regional Office for Europe. World Health Organisation. 2010.

13 Adapted from Dolan P, Hallsworth M, Halpern D, King D, Vlaev I. Mindspace: Influencing behaviour through public policy. Institute for Government. 2010.

During periods of poor mental health, many people's spending decisions appear to be regulated by the automatic processes listed on the right; access to the reflective thought processes to regulate behaviour appears to be more challenging.

Automatic thinking processes, however, have been shown by behavioural economists to be heavily reliant on the context and environment in which they occur.[14] This presents us with an opportunity: people can be helped, when well, to create a financial environment that reinforces (or 'nudges' them towards) their desired behaviour during periods when they are unwell.

Why can't people just use willpower?

Nudge strategies are an alternative to more classical 'intrapsychic' or 'in the mind' methods of behaviour regulation. Whilst nudges shape the context in which a decision is made, to reinforce a certain outcome, intrapsychic strategies rely on mental effort, or willpower, to control behaviour.

For example, when deciding whether or not to buy a jumper, one could deliberately focus on negative aspects of the garment, or one could abstractly conceptualise the jumper in terms of opportunity cost, what else one could buy instead. These would be classed as intrapsychic strategies; they don't alter payoffs, by adding incentives or friction, but rather they manipulate how the decision is internally represented in favour of a certain outcome.

In conventional self-control problems behavioural theorists have noted that nudge strategies can be more effective than intrapsychic strategies. Impulses can grow in strength over time, so trying to deploy intrapsychic strategies "in the moment", when faced with temptation, can be less effective than putting in place nudges to nip temptation in the bud, before the impulse has grown.[15]

However, there are important differences between these conventional temptation problems and crisis spending, which arguably further strengthen the case for nudge strategies. Temptations are perennial desires that one tries to suppress: by contrast the impulses associated with crisis spending are often completely absent when a person is healthy, but can become irresistible during crisis periods. For example, one of our survey respondents reported feeling impulses to purchase "anything I saw that was pink" during a period of crisis, despite ordinarily not liking the colour. Thus, there is a clear incentive to implement nudge strategies during periods of good health, to guard against behaviours that one might ordinarily have no preference for and that could cause enduring financial problems.

Another important difference is that mental health problems may compromise the efficacy of intrapsychic strategies. We have identified two ways in which mental health problems can have this effect.

Fundamentally, having a mental health problem means a reduction in control of one's mental state - such as thought processes and emotions. In at least some cases, this loss of control can make it harder for people to use intrapsychic strategies effectively.[16] [17] For example, the cognitive impact of an anxiety attack might undermine someone's ability to resist an impulse to gamble.

Furthermore, we have found that during periods of poor mental health, some people can develop intrapsychic rationales that actively encourage undesirable behaviours, such as crisis spending. This was a strong theme in our focus group, where we heard several examples of distorted reasoning being used, during periods of poor mental health, to justify purchases:

- What if I don't buy it now, but then I need it later?
- What if I don't buy it now, but then it sells out?
- What if I don't buy it now, then it becomes more expensive in the future?

Not only can mental health problems compromise the efficacy of intrapsychic restraints, they can also create intrapsychic rationales that encourage undesirable behaviours. Thus, intrapsychic solutions are arguably harder for people with mental health problems to adopt. This further strengthens the case for behavioural and environmental policies to reinforce or supplement willpower and psychological therapies among consumers with mental health problems.

Nudges in policy making

Nudges influence behaviour by creating an environment that reinforces or suppresses impulses. In the case of a dilemma - such as deciding whether to buy a new jumper - minor nudges, such as adding extra incentives or friction, can be decisive factors, that tip the balance and change the resultant decision. A discount provides an added incentive to buy the jumper - especially if that discount is time-limited. Delivery costs or the need to travel to a shop act as friction between the customer and the purchase.

Tools like these can be used by policy makers to help shape the overall environment for the population as a whole, as with the new pensions auto-enrolment regime. But they can also be used by individuals to shape their personal environment to their own benefit.

Example - alcohol abuse

People who struggle with alcohol abuse are often told not to keep any alcohol in their home.[18] These people are still able to go out and buy more alcohol, but this added friction, the extra effort now required to get a drink, can make a noticeable difference. Similarly, studies have shown that alcohol consumption tends to increase in communities where the purchase of alcohol becomes more convenient.[19]

Example - suicide prevention

Initiatives such as "safe prescribing" and purchase limits on common medicines serve to restrict access to medications that could be administered in fatal doses in a suicide attempt.[20] It would still be possible for a determined individual to stockpile medication over time, but it adds friction. Thus, it is more difficult to accumulate enough medication to complete suicide, so people are less likely to do so.

There are three main mechanisms from behavioural economics we believe can be harnessed to help people govern their own spending behaviour more tightly.[21]

Cues - Cues draw attention to particular features of the choice architecture, in order to reinforce or discourage certain actions. By choosing to buy cigarettes in smaller packets, for example, a smoker adds negative cues. Each time that they finish a packet, they will be reminded of what they are doing and encouraged to consider their actions. Conversely, by moving to a flat above a gym, one could ensure regular positive cues, reminders to exercise.

Pre-commitment - By adding rewards or punishments to different possible actions, we can incentivise a certain course of action. A common example of this is an office "swearing jar", a public pre-commitment with a financial penalty, such as a 50p fine, for use of foul language.

Restricting options - Removing options that might be tempting, but are deemed not to be in one's long term best interests. In most cases, this type of intervention doesn't entirely remove undesirable options, rather it makes them more expensive, in terms of effort or money. By throwing away all the unhealthy food in their fridge, a person trying to lose weight can restrict their ability to break their diet.

Release hierarchy

A key behavioural consideration will be how "sticky" a framework people are permitted to construct. There must be some barriers to the easy removal of restrictions an individual has put on themselves, so that nudges cannot be immediately unpicked during a period of crisis. But equally, if these nudges are too permanent then they could be unduly restrictive and limit an individual's future freedom or, where a third party is involved, open them up to abuse. In our work, we aim to ensure maximum choice for individuals in determining the level of self-restriction they believe is necessary for their own protection.

14 Thaler R, Sunstein C. Nudge: Improving decisions about health, wealth and happiness. Penguin Books. 19-42.
15 Duckworth A, Gendler T, and Gross J. Situational strategies for self-control. Perspectives on Psychological Science 2016; 11; 35-55.
16 Holkar M, Mackenzie P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.
17 Boals A, VanDellen M, Banks J. The relationship between self-control and health: The mediating effect of avoidant coping. Psychology and Health 2011; 26; 1049-1062.
18 Smith M, Robinson L and Segal J. Alcohol Abuse Treatment and Self-Help. HelpGuide.org. 2016.
19 Campbell et al. The effectiveness of limiting alcohol outlet density as a means of reducing excessive alcohol consumption and alcohol-related harms. American Journal of Preventive Medicine 2009; 37; 556–569.
20 Department of Health, Preventing suicide in England: A cross-government outcomes strategy to save lives. HM Government. 2012.
21 Duckworth A, Gendler T, and Gross J. Situational strategies for self-control. Perspectives on Psychological Science 2016; 11; 35-55.

To initiate debate, we have developed a hierarchy of the different processes that could be required for removing any restrictions on a user. The options at the top of the list are the easiest - in legal and ethical terms - to implement, but are also those which would be easiest for an individual to remove when unwell. The options at the bottom raise questions about civil liberties and personal autonomy, but are most likely to be successful in inhibiting damaging behaviour. At this end of the scale, it may only be appropriate to introduce limitations with the oversight of the courts and due legal process.

1. Double-confirmation by the user required to remove restrictions
2. Alerts to a third party when restrictions removed
3. Mandatory cooling off period before restrictions removed
4. Cognitive/mental capacity assessment before restrictions removed
5. Third party sign-off before restrictions removed
6. Restrictions permanently applied

In light of the careful balance needed here, Money and Mental Health would value the input of those with expertise in the field on the following question:

Question 1: What are the risks and benefits of each approach, and what legal or regulatory protections would need to be included for each level of friction?

Case study - gambling regulation

The prevention of problem gambling is one area where policy makers have recognised the fundamental inadequacy of a model based only on people's own willpower. Regulators have built a framework which provides users with a range of nudge based tools, to help them manage their behaviour and avoid problem gambling. We believe consumers would benefit from a similar framework being established to help protect against other forms of compulsive behaviour.

Spending limits - users can set limits, which restrict the amount of money they can spend on the website, per period of time. Users must be given the option to set a limit at the time of registering their account or when making their first deposit payment.[22]

Research suggests that spending limits can be an effective self-regulatory tool, but that their efficacy depends on a number of design features:

- Flexibility - giving users maximum scope to personalise their limits. For instance, offering multiple time periods, such as the ability to set daily, weekly or monthly limits [23]
- Visibility - uptake is higher if limit-setting tools are displayed in prominent positions and limits are more effective if users are provided with live 'push-notifications' about their current spending relative to their limits [24]
- Defaults - spending limits are more effective if they are encouraged by default options for every user who does not actively change their settings. Offering spending limit options at every deposit is a default that encourages users to consider how much they are gambling. An even stronger default would be for there to be an automatic spending limit, that restricts spending unless users actively change their limit.[25]

Cooling off period - spending limits can only be increased at a user's request, and only after a 24-hour cooling off period. After the 24 hours have elapsed, the user must be asked to consider their decision again, before their limit is increased.[26]

The intention is that this delay gives the user time to reflect further on their decision, before they are able to remove this protection. The cooling-off process makes it harder for users to remove their financial protections; each step that is added can be seen as a disincentive. The process also adds numerous cues, encouraging users to consider their behaviour and their best interests.

Reality checks - Under the new regulation, users must have the facility to set reality checks. These appear at a specified frequency (i.e. every hour) and notify the user of how long they have been gambling for. The user has to actively engage, by clicking exit, to dismiss the reality check and start gambling again.[27]

Reality checks provide a small barrier to continued gambling, and they also provide a clear cue, intended to prompt the user to consider what they are doing. Regulatory guidelines suggest that reality checks should also provide users the opportunity to leave the game or to view their account history.[28] This would add further behavioural cues and would incentivise these behaviours, by making them easier to enact.

Self exclusion - Gambling websites must offer users the facility to self-exclude, freezing their account for a minimum of six months. Self-exclusion can be indiscriminate, or can relate to a specific subset such as casino games or sports betting. After the period of exclusion has passed, self-exclusion remains in place for seven years unless the user actively asks to gamble again. During this seven year period, requests to end this continued exclusion must be made in person or by phone, re-registering online is not sufficient. If users decide to end this self-exclusion, there is a further cooling off period of 24 hours before the exclusion is lifted.[29]

This self-exclusion framework restricts users' options, removing the choice to gamble. Even after the period of self-exclusion has elapsed, there is considerable friction to discourage users from gambling again. The default option is that the user remains excluded and there are several cues and barriers which must be overcome in order for the exclusion to be lifted.

The main limitation of this system is that it works at the organisation level. The market for online gambling is highly competitive, so self-excluding from a specific provider will not significantly restrict one's ability to gamble, as there are numerous alternative firms. However, the Gambling Commission is currently developing a national online self-exclusion scheme. This will provide central register where users can impose a binding restriction on all forms of online gambling.[30] [31]

22 Gambling Commission. Remote gambling and software technical standards. 2015. RTS requirement 12A.
23 Lucar C, Philander K, Wiebe J. Monetary Limits Tools for Internet Gamblers: A Review of their Availability, Implementation and Effectiveness Online. Ontario Problem Gambling Research Centre. 2013.
24 Ibid.
25 Ibid.
26 Gambling Commission. Remote gambling and software technical standards. 2015. RTS requirement 12B.
27 Ibid. RTS requirement 13B.
28 Ibid. RTS implementation guidance 13B.
29 Gambling Commission. Licence conditions and codes of practice. 2015. Section 3.5.
30 Gambling Commission. Briefing note on the national online self-exclusion scheme. 2015.
31 Gambling Commission, Licence conditions and codes of practice, 2015. Section 3.5.5 - 3.5.7.

Section Three - In the Mind: therapeutic support

Our prioritisation of environmental and behavioural policy proposals to address crisis spending does not mean there is no place for psychological and therapeutic support to boost people's capacity to manage their impulses directly.

The deep links between financial difficulties and mental health problems mean it is likely that improving the financial situations of people with mental health problems will have a clinical impact and be cost-effective for NHS organisations. Centre for Mental Health mapped the likely impact of wider debt and financial advice in the NHS and identified three ways in which this advice may be able to reduce healthcare and other public sector costs:

1. Reductions in inpatient lengths of stay
2. Prevention of homelessness
3. Prevention of relapse by reducing the vulnerability of service users to future problems [32]

We know, in particular, that debt can make recovering from a mental health problem harder – people with depression and problem debt are four times more likely to still be depressed when contacted 18 months later (compared to those with depression but no problem debt).[33] Both debt advice and debt prevention may have a positive clinical impact, which Money and Mental Health will work with clinicians and researchers to explore.

Many mental health service providers work in partnership with third sector organisations to provide financial, welfare, debt and employment advice for service users; there are an increasing number seeking to deliver some of these services in-house as part of standard care. However, support for people with the processes and emotions of managing their money, and in particular the urge to spend, appears to be far more rare. The evidence from people with mental health problems that emotional and psychological factors are powerful drivers of their financial situation means this gap in service provision should be addressed. The questions at the end of this section invite your suggestions about how this might be done most effectively.

Money and Mental Health will work with NHS providers in all the UK nations to map provision of both welfare and financial advice, and psychological interventions helping people improve their money management, and work to strengthen the clinical and business case for these kind of interventions.

Example - Recovery Colleges

Recovery is defined as the personal journey of people with different mental health experiences to rebuild, rediscover their strengths and live meaningful, satisfying lives. Recovery Colleges are a new movement offering recovery-focused educational courses, workshops and resources for people with mental health difficulties.

Several offer courses on both the practicalities and emotions of money management. Central and North West London Recovery and Wellbeing College, for example, offers an eight week course entitled "Better thinking about money". This course explores spending behaviours and attitudes towards money, essential budgeting skills, how to increase your income, basics on family finance, saving and borrowing, and tools to tackle and manage debt. One participant reported: "The information about spending behaviours has helped me to think about my spending and make better choices. I now know what to do."[34]

32 Parsonage M. Welfare advice for people who use mental health services. Centre for Mental Health. 2013.

33 Fitch C, Trend C, Chaplin R. Lending, debt collection and mental health: 12 steps for treating potentially vulnerable customers fairly. London. 2015.

34 http://www.cnwl.nhs.uk/recovery-college/courses-and-workshops/developing-knowledge-and-skills/

Example - CAP Release Groups

CAP Release Groups support people struggling with life-controlling habits and dependencies such as online shopping, gambling, smoking and alcohol. The groups run an eight-week course based on the Twelve Steps of Recovery in the context of a friendly community of peers. Additionally, every member is offered one-to-one coaching for more in-depth help, providing a high level of emotional support for members struggling with associated mental health issues.

Members set their own milestones on the way to their ultimate goal of becoming free from dependency, and the group emphasises celebrating each of these milestones along the way. The confidential nature of the group, and the fact that no member is expected to share more than they wish to, creates a safe environment in which to address underlying issues connected to dependency.

Referrals to a CAP Release Group can come from a range of sources, including from a GP or support worker. Word of mouth from former members is also proving effective, as 100% of members surveyed have said they would recommend CAP Release Groups to a friend.

Following a successful pilot in 2015, there are currently 71 CAP Release Groups across the UK, which have seen 100 members take full control of their dependency so far. 64% of members reported a positive change in their health and 79% described release groups as 'life transforming' or 'a great help'.

Money and Mental Health would value the input of those with personal or professional expertise in mental health on the following questions:

Question 2: What evidence are you aware of that support with the emotional and psychological aspects of spending is being incorporated into the work and/or training of mental health professionals?

Question 3: Where do you think a greater focus on the emotional and psychological aspects of spending could be most effectively incorporated into the existing systems of mental health support?

"When I am on a high, feeling very optimistic, I take out cash loans on credit cards."

"When I was suffering from post natal depression I overspent on credit cards and ended up with £20k debt."

"More help should be available for [my] partner to access information to ensure money can be paid into accounts."

"I think there should be an option to freeze credit if need be when depression sets in...thinking ahead and putting things in place for just incase."

"I took out a credit facility of £330,000 which was crack cocaine to someone who spends when feeling low. It seemed there was no limit to my ability to spend, 'till it all went wrong."

"I'd love to be able to contact my bank and say I've got mental health issues and when I'm in a really low place I would like to put a restriction on my bank account... If that had happened I would be hundreds of thousands of pounds better off."

"I didn't understand a lot of the conditions and repayments when taking out a loan. I left not even remembering most of the meeting in the bank. I remember being scared and intimidated...I probably would have done anything they said and signed anything to get out of there."

Section Four - Developing a protective financial services environment

The financial services sector is uniquely placed to develop new products, procedures and systems to help people protect themselves from damaging financial behaviour. Building on successful work to improve protections for vulnerable consumers who have found themselves in debt, financial services providers have an opportunity to improve the financial wellbeing of the one in four of their customers who will experience a mental health problem each year.

This section of the paper looks at ways to enable people to limit their own access to credit, improve control of their day-to-day spending, and insulate themselves from potentially damaging or risky products and marketing they may not be able to resist when unwell. The consultation questions in this section seek expert views on how this might be most effectively achieved.

4.1 Spending facilitated by new credit

Often, damaging spending is facilitated by access to new and unaffordable credit. Our research shows that it would be helpful to find ways for individuals to limit their own access to credit, so they cannot take out loans they would not apply for when well. 60% of our Money on Your Mind survey respondents said they took out a loan while unwell that they otherwise wouldn't have taken out. The taking out of new credit while unwell was also not limited to those with existing levels of debt: more than half of respondents without any form of problem debt reported taking out loans while unwell that they wouldn't otherwise have taken out, with one in five indicating they did so 'always' or 'often' when unwell.

In addition, our research suggests very high numbers believe they did not have mental capacity when taking out a loan. We recognise that lenders are not required to assess mental capacity, and are only required to act if there is reason to believe an individual may have a capacity limitation. However, given that potentially large volumes of transactions are conducted during periods of limited capacity, we need to address the possibility that large numbers of people are taking out credit - in particular online - during periods when they did not have mental capacity or their capacity was limited.

Money and Mental Health will conduct more research to understand channels through which people are sourcing credit when they do not have capacity and what indicators banks could use as "reasonable grounds" to suspect capacity limitation. We are also exploring ways in which digital technology might allow for more sophisticated, real-time assessments of mental capacity at the point of sale.[35]

Question 4: What scope is there for better capacity assessment (eg online) in credit processes?

4.1.1 Total credit freeze

Some people have told us they would like to be able to exclude themselves completely from products they know are risky or damaging but they have - in the past - used when unwell.

People can already put a notice of correction on their credit file notifying lenders that they suffer from a mental health condition and requesting that they not be lent to. However, this can be removed by the person and has no legal force; in other words, there is no requirement not to lend to a person with such a note on their credit file. Many home credit providers, pawnbrokers and some other lenders do not use the Credit Reference Agencies, so would not see these notices at all. Any solution should be mindful of potential market impact. Blocking access to some forms of credit may lead to increased demand in other areas.

35 We are also exploring ways in which digital technology might allow for more sophisticated, real-time assessments of mental capacity at the point of sale. A product such as Cambridge Cognition's wearable Cognition Kit offers a potential example.

In addition to suggesting they ought to be able to self-exclude from credit, people with mental health problems have also requested the ability to bring a third party or trusted friend into credit application decisions, by:

1. Notifying a nominated trusted friend of credit applications and/or changes in credit referencing score
2. Requiring authorisation of a trusted friend for credit applications

Question 5: Are lenders, regulators or consumers aware of any instances where credit is given in contravention of a Notice of Correction requesting no lending?

Question 6: How can we make it easier for consumers to add a notice of correction to their file?

Question 7: How can we make it possible for consumers to prevent themselves from removing such a notification from their file when they are unwell? Suggestions from consumers include:

- **Third party approval**
- **A time-delay before the notification is removed**
- **A cognitive capacity assessment**

Question 8: How can we create a self-exclusion regime that applies to lenders who do not use Credit Reference Agencies? Would a standalone register outside the CRA process be more or less effective and appropriate?

4.1.2 Self-exclusion from specific forms of credit

Full exclusion from all forms of credit would not be suitable for every consumer with mental health problems. However, some report developing dependency on particular forms of high-cost credit, which they wish they could escape from:

- Short term credit
- Pawnbrokers
- Catalogues
- Credit cards
- Or particular application 'channels', e.g. online.

87% of respondents to our crisis spending survey told us that they found at least one form of credit particularly hard to resist while unwell.

There is research suggesting that greater impulsivity is associated with greater use of high cost short term credit such as home credit and payday loans.[36] During a period of poor mental health a person's behaviour may be driven in part by psychological needs and impulses that may make them more likely to access certain forms of credit that allow these impulses to be rapidly fulfilled. Several participants in our focus group spoke of the speed with which they had applied for and gained access to new credit when the application was made during a manic phase with no real need for the money.

> "Suddenly feeling like I'm becoming cash poor, and I can't cope with feeling cash poor. I might need money for something but I don't know what that something is, so I need access to credit... I don't keep it...As soon as it's there it's gone."

Question 9: How could a consumer define the forms of credit from which they wish to self-exclude?

Question 10: How could this restriction be managed as part of responsible lending processes?

Question 11: How could individuals block themselves from making credit applications online?

4.2 Spending without new credit

In many cases, excess spending is possible without applying for new credit: people report spending down their savings, going without essentials, ignoring bills, or using existing lines of credit such as credit cards. Therefore action to protect people from crisis spending needs to look beyond the credit application process.

4.2.1 Permanent restrictions

Many people have told us they would like firmer tramlines and restrictions to keep themselves from routinely deviating from "good" financial management. Money and Mental Health is exploring what kind of products are technically and legally most feasible.

Examples that have been requested by our respondents include:

- "Jam-jarring" in which a person's money is allocated to pre-determined pots for a specific purpose, e.g. bills, rent and savings
- Nudge-type notifications of deviations from pre-set "norms"
- Restrictions from spending at certain merchant categories
- 24 hour (or other) delay before processing large transactions
- Bank accounts and/or pre-pay cards with third party:
  - Joint control
  - Partial joint control (eg authorisation of large transactions and/or particular merchant code types)
  - View-only privileges
  - Notification of specific behaviours only such as gambling.

A time-delay on large transactions has also recently been suggested as a scam-prevention tool for vulnerable and elderly consumers by the Trading Standards Institute.[37]

The FCA is also looking in depth at the issues of third party access, balancing the risks of financial abuse with recognition of the vital role family, friends and carers can play in supporting the financial management of a wide variety of vulnerable consumers.

Some of these product features are already available in one form or another in the marketplace. Pre-pay cards including those designed for children (e.g. Osper and Go Henry) and for vulnerable individuals (e.g. Source cards) restrict the card holder from spending in certain categories of merchant, notably gambling. Companies like Squirrel and Think Money provide products which help people to budget by "jam-jarring" their money. Credit cards provided for company staff often allow the company to restrict users from withdrawing cash or spending in some merchant categories. Dual signatory accounts, including those which require a different sign-off procedure for large transactions, are available for businesses, charities and other organisations.

The challenge is therefore not, in large part, a technical one. However, many of these products are considered premium services and consumers can be reluctant, or unable, to switch from free banking to a paid-for service. The challenge is to make these kind of products both available and affordable for everyone seeking to gain more control of their spending.

Merchant codes

A merchant category code (MCC) is a 4 digit number used to classify a business. These codes are assigned by credit card companies and can be used to incentivise or block certain types of spending. For example, a credit card company could offer reward points for any spending at hardware shops, MCC 5251.

MCCs are already widely used to block certain types of transaction. For example, American credit card companies routinely block online gambling transactions, MCC 7993, and some issuers also block other codes such as dating and escort services, MCC 7273.

When setting up corporate credit cards for their staff, employers are given a range of tools to restrict how these cards are used. This normally includes customisable MCC blocking, the ability to prohibit certain types of spending. For example, employers might wish to block certain types of leisure spending, or to restrict use of the corporate card solely to spending on travel.

Question 12: What are the barriers to making sophisticated money management technology both available at low or no cost and fully accessible to vulnerable consumers with demonstrable need? How might these barriers be overcome?

Question 13: How can we incentivise companies to develop more products that offer consumers a wide range of money management options, and how can we incentivise consumers to make greater use of those products?

36 Gathergood J. Self-control, financial literacy and consumer over-indebtedness. Journal of Economic Psychology 2012; 33; 590-602.
37 The National Centre for Post-Qualifying Social Work and Professional Practice. Financial Scamming: A Brief Guide. 2016.

4.2.2 Spotting changing patterns of behaviour

Many other consumers with mental health problems told us they would rather see financial restrictions that kick in when their spending behaviour changes.

> "For me it would be good if the banks actually monitored…if I start closing down my PEPs and my ISAs and suddenly taking out large sums of money from my deposit account, that should be alarm bells to somebody."

The first challenge is identifying what qualifies as unusual financial behaviour which is likely to differ between individuals, between mental health conditions, and between socio-economic group. Most banks routinely monitor transactions for financial crime detection, and monitor average balances both on current accounts and credit cards as part of pre-arrears work, and/or to identify customers for their credit sales department.

Question 14: What data streams could be useful in detecting shifting/damaging patterns of behaviour?

Question 15: What further tools can be developed to help people monitor their behaviour with the introduction of the Open Banking API standard?

Question 16: What capacity is there to allow people to notify financial institutions of their own patterns of behaviour when unwell – spending money in a particular merchant category or withdrawing cash on a credit card, for example?

Acting on changes in behaviour

Once changes in financial patterns have been identified, consumers have suggested a variety of protections/ actions that they would like to occur:

- **Alerting the person to their own changed behaviour:** for example, a customer receives a text message from the bank telling them they are spending more this month than normal, a mechanism routinely used by mobile phone providers to help consumers manage their data allowance
- **Alerting a nominated third party:** for example, a credit reference agency would send a notification to a pre-nominated friend/carer when a new or unusual credit application is made
- **Imposing additional constraints on spending:** for example, a daily cap on new purchases, ensuring an individual is not altogether cut off from emergency credit such as the ability to travel home
- **Freezing new credit spending altogether:**
  - Until phone contact has been made with the person - a technique routinely used in fraud prevention
  - Until some form of mental capacity assessment has been completed - either online or in person
  - Until a pre-nominated third party has authorised further spending.

Question 17: What are the limitations and barriers to creating restrictions - including with a third party involved - that kick in when financial behaviour appears risky?

Question 18: What additional or alternative controls could serve a similar function to those examples given?

> "When the impulse to spend money you can't really afford is a symptom of an illness you live with, then your mental health directly makes any financial difficulties you may already have immediately worse."

> "Spending could be a quick release from negative feelings, but quickly you feel it wasn't the right thing and could regret spending that money, so a delay to allow the transaction to be cancelled would be good."

> "Looking through catalogues, the internet, the shops, all Aladdin's caves…no one ever asked about any health problems or ability to pay back the money."

> "I'd go to buy my daughter an outfit for a party next week and then come back with fifteen. It's just having to spend until the money is not there anymore."

> "When I was at my worst I was almost living in a fantasy world not in touch with the real world… didn't think or understand any consequences my spending would have on myself or my family's lifestyle."

> "There should be a window where you're able to browse online but not purchase. Like Sunday trading. You can browse for that hour but you can't buy anything."

> "Each time I have one of these major episodes, I have no concept of the consequences of spending money, and I live life in the moment. During the first day of my most recent full blown manic episode, I spent £700 on stuff I didn't need, wouldn't use and couldn't afford."

> "When I am feeling unwell it's like I lose all sense of reality. I'm living and breathing someone's else's air, spending someone else's money. An email, text whatever, gives you that check point to take you back into reality."

Section Five - Responsible Retailing

For many people struggling to remain in control of their personal finances, the retail environment can be deeply problematic. People with mental health problems have identified a variety of retailing platforms and strategies as particularly risky during periods of poor mental health. These include:

- Online retail, in particular frictionless or "one-click" technologies
- Online or television-based auctions or bidding sites
- Subscription retail, where users agree to a monthly or other regular payment
- App purchases, in particular in-app payments
- Catalogue credit
- Television-based retail including shopping channels and television-advertised gaming/gambling
- Services based on premium-rate phone numbers, including psychic readings and chat lines.

In addressing these retail strategies and environments, it is essential that we seek solutions proportionate to the consumer detriment or harm associated with them. The retail industry makes a substantial and valuable contribution to economic prosperity. Many consumers enjoy and benefit from the many flexible and frictionless forms of retailing available in the UK, and in-store or at-purchase credit agreements often make products affordable for those who would otherwise be excluded. Online transactions, although often highlighted by consumers with mental health problems as an area of concern, do come with additional consumer protections, because most products can be returned by right.[38]

Nevertheless, it is clear that for many consumers with mental health problems, the current environment is hard to navigate, and risky. Consumers have told us they believe they would benefit from the right, or ability, to impose restrictions on their own purchasing behaviour in a variety of ways. Many of these mechanisms cannot be implemented by payment and financial service providers alone, and would require the involvement of retailers themselves, Internet Service Providers or standalone technology.

Of course, restoring or retaining friction in the transaction process will not necessarily be welcomed by retailers. However, it is often the case that where consumers over-purchase, they return products, often at substantial expense to retailers. In its 2015 market report, Playing for Keeps, Clear Returns estimated that returns cost the UK retail industry around £60 billion a year, £20 billion of which was being generated by e-commerce returns. It is therefore probable that policy changes which reduce returns,[39] including by adding more friction into some purchases, could provide a financial benefit to retailers.

People who dramatically overspend may also cause themselves such financial harm that they are not able to remain as customers; it may be that providing additional protections will enable retailers to retain customers more successfully for the long term.

This section of the paper looks at ways to provide a more supportive retail environment for people with mental health problems, and enable consumers to impose restrictions on their own purchasing behaviour. The consultation questions in this section seek expert views on how this might be most effectively achieved.

38 Current regulations provide consumers with a 14-day 'cooling-off period' for distance and off-premises contracts.
39 Clear Returns. Playing for Keeps: Why returns is the new retail battleground. Glasgow. 2015.

5.1 Online

Purchases made online come with additional consumer protections: they can be returned even where the goods were not faulty within 14 days of the purchase.[40] Nevertheless, consumers with mental health problems report high levels of anxiety about their inability to regulate spending online. In our crisis spending survey, 81% told us they found it difficult to avoid spending more at online retailers while unwell, while 41% found online auction sites particularly difficult to avoid. Particular patterns of online retailers' strategies that have been identified as problematic for consumers trying to regulate their spending include:

- "One-click" purchasing
- Emailing consumers to remind them about baskets of shopping they did not pay for
- Emailing deals during the night, when people may be more vulnerable to impulse purchases.

It would not be proportionate to prevent retailers using strategies that prove successful at connecting willing buyers with appropriate and affordable products. However, more variable settings for customers would enable people to set up their account in a way that suits them and allows them to be shielded from marketing or products to which they are particularly vulnerable.

Examples cited of settings consumers would like to have available that were identified in our research include:

- Delayed processing of transactions made during the night, pending confirmation in the morning
- Third party authorisation of large transactions
- Monthly or weekly spending limits.

Question 19: What capacity do retailers have to introduce personalised protections and account restrictions for customers?

Establishing restrictions that are only available at responsible retailers risks creating spillover to less responsible outlets, or those based in other jurisdictions.

Question 20: What role should Internet Service Providers play in enabling people to block their access - permanently or at particular times of day - to retailing sites?

5.2 Subscription

Subscription retail is a growing model where consumers sign up for a monthly or other regular payment and receive products, or credits towards products, each time. While in most cases, consumers have the right to cancel their subscription at any time, the advantage for retailers is that this sets the default in favour of a purchase. This model can risky for consumers, however, because it creates additional work to rein in spending; when consumers are accruing credits rather than being sent products each month, they may lose track of the expenditure altogether during periods of poor mental health.

This is especially the case when subscription retailers use friction to reduce the numbers of cancellations: requiring customers to call a phone line to cancel a payment they set up online, for example. Consumers whose mental health problems make them phobic of telephone calls are often unable to do so.

Question 21: What are the risks and benefits of requiring subscription retailers to guarantee the availability of both telephone and online cancellation for all consumers?

Question 22: Is there scope for regulatory intervention to ensure accrued credits can be refunded when unspent?

5.3 Premium rate phone lines

A variety of services are available to consumers via premium-rate phone lines, many of which - such as psychic readings and adult chat - can be particularly appealing to those in vulnerable situations, facing adversity or loneliness. Payment for these phone services is made via a consumer's phone bill; with the exception of customers on pre-pay phones, this means these services are automatically purchased on credit, without any check of a customer's ability to pay. The credit-billing structure also means these services are available even when consumers do not have the resources to pay up front. Failure to pay can lead to disconnection of a phone line, contributing to social exclusion and isolation.

It is clear that problematic use exists in this market: providers are required by the industry Code of Practice to "take reasonable and prompt steps to identify excessive use of its service or services by any consumer and to inform the relevant consumer of that usage."[41] However, once a customer is identified in this way, there is little the customer can do to protect themselves from making the same mistake again if they are on a tight budget.

Consumers who struggle to avoid these services can, via most providers, block them from their phone line. However, this is often seen by phone providers as a premium service for which a charge must be paid; BT, for example, charge £4.25 a month to block premium rate phone calls.[42] Sky Talk do not offer any facility to bar premium calls,[43] while TalkTalk provide this service for free.[44]

Question 23: What are the barriers and costs associated with enabling all phone consumers the option to block premium phone numbers on their line without a charge?

Question 24: What consideration should be given to making premium-rate numbers an "opt-in" service for consumers?

Question 25: What more could providers do to offer support to customers when they identify problematic use of premium-rate phone-lines?

5.4 Television-based retail and gaming

The UK has a wide variety of dedicated shopping channels, eight of which are currently broadcast on the Freeview platform, which is received by approximately 20 million homes. In addition, many channels broadcast online gaming or gambling during off-peak periods such as late night and early morning. Since May 2009, online gaming and betting, whether on dedicated channels or during windows in otherwise editorial channels, has been regulated as teleshopping (except in Northern Ireland where gaming is not permitted).

Consumers with mental health problems have identified shopping and gaming via TV as a serious risk, especially when broadcast during the late evening and night when people may be particularly vulnerable. Public Sector Broadcasters, in fact, are only permitted to broadcast gaming and gambling between midnight and 6am, when consumers struggling with insomnia may be awake and vulnerable. All Freeview equipment can be set up to block adult content, by regulation, but only a few offer parental controls that would permit a user to block TV shopping and gaming.

Question 26: What are the major risks of harm to vulnerable consumers in Ofcom's current regulatory framework for teleshopping and gaming?

Question 27: Should consumers have the right to block channels and programming of this kind?

5.5 Catalogue credit

Many consumers value the ability to buy needed or desired items without paying in full at the time of purchase. However, consumers with mental health problems who responded to our crisis spending survey told us that this kind of purchase was particularly hard to resist when unwell: 40% of respondents identified this form of credit as particularly hard to resist, far higher than any other in our survey.

The Mailing Preference Service allows consumers to opt out of unsolicited mail via a central database. However, to opt out of mailings from companies with whom you have a customer history, consumers need to contact them directly, and where there are several retailers involved this can be a lengthy and time-consuming process.

Question 28: What are the costs and risks of a central register of consumers - including former customers - who wish to be excluded from all marketing and catalogue circulation?

Question 29: Where catalogues are distributed door-to-door and orders taken in person, is there a case for intervention to permit residents to prevent unsolicited visits?

40 Consumers have 14 days to notify the retailer of a return and a further 14 days in which to return the item. Postage costs are at the consumer's expense.
41 PhonepayPlus. Codes of Practice 2015. Rule 2.3.6.
42 BT. Making more of your phone: BT calling features user guide. 2012.
43 Sky. Sky Talk Code of Practice for Premium Rate Services and Number Translation Services for Domestic Customers. Accessed 5 July 2016.
44 Webchat between Money and Mental Health researcher and Talk Talk customer service at: http://help2.talktalk.co.uk/. Conducted 5 July 2016.

5.6 App and In-app purchases

Smart phones and tablets put the power to purchase into our hands at all times of day or night. Apps, in particular games, often offer the opportunity to make "in-app" purchases. Most handsets will permit users to block the purchase of these in-app purchases, but the functionality is easily restored by the user.

Question 30: Can more robust protections be put in place to protect people who wish to block app and in-app purchases more permanently?

5.7 Identifying vulnerable customers

Retailers who choose to make high-control settings available to customers are unlikely to wish to collect or retain data about those customers' mental health. It would be preferable to simply make high-control account settings available to all customers.

However, there may be occasions when proactive retailers would be able to identify customers exhibiting particularly risky behaviours and target them for support or assistance. Many retailers, particularly the larger ones, already profile consumer behaviour to identify problematic patterns such as a tendency to return products.

- Clear Returns, a technology provider which works with retailers to analyse returned products, is capable of identifying "problematic customers" who are committing "use and return fraud", and those they describe as "dysfunctional shoppers", who make impulse purchases which they later return
- Most online retailers identify shoppers who place items in their basket but do not complete the transaction, to target them for email or other messages to complete the transaction.

People with mental health problems reported erratic types of behaviour when they are unwell which are likely to be anomalous to ordinary transactions, such as buying large numbers of a single item, though some consumers may have anomalous behaviour for other reasons (for example, because they are selling on products to others). The techniques described above, and similar, could be directed to identify consumers whose behaviour is considered potentially risky.

Question 31: What would be a proportionate and appropriate response for retailers to take with consumers identified as potentially vulnerable or making decisions with impaired mental capacity?

5.8 Personalised advertising

Behavioural advertising is a practice that is based on internet browsing activity and allows brands to deliver adverts to web users which reflect their interests. Many consumers have told us they find this personalised advertising based on their past behaviour to be detrimental to their attempts to change that behaviour. For example, someone with a gambling addiction is likely to have visited online gambling sites, and this will lead to a high chance of gambling adverts appearing via any of the 130 providers who personalised advertising streams.

The European Advertising Standards Alliance has worked with advertising providers to create standards and best practice which includes the power for individuals to turn off behavioural advertising on their browser. A common standard is used, enabling individuals to opt out of this kind of advertising with a single click.[45] This is a valuable tool for those struggling to change their behaviour to create a safer online environment for themselves.

However, the current tool does not permit users to block or opt out completely from specific kinds of advertising. Users can tell individual providers about their interests, to increase the chances of seeing - or not seeing - particular adverts. But it is not possible to do this across the industry. And if an individual opts out of personalised advertising, the untargeted adverts can include those selling products from which they would prefer to be protected. The only option is to use a comprehensive ad-blocker, cutting the individual off from all promotional material, regardless.

Question 32: How can advertisers help consumers build a better personalised advertising experience that supports efforts towards behaviour change?

45 European Advertising Standards Alliance. Blue Book 6: Advertising Self-Regulation in Europe and Beyond. Brussels. 2010.

Summary of questions

Barriers to removing self-restrictions

Question 1: What are the risks and benefits of each approach, and what legal or regulatory protections would need to be included for each level of friction?

Support within the NHS

Question 2: What evidence are you aware of that support with the emotional and psychological aspects of spending is being incorporated into the work and/or training of mental health professionals?

Question 3: Where do you think a greater focus on the emotional and psychological aspects of spending could be most effectively incorporated into the existing systems of mental health support?

Mental Capacity at Point of Sale

Question 4: What scope is there for better capacity assessment (eg online) in credit processes?

Self-exclusion from Credit

Question 5: Are lenders, regulators or consumers aware of any instances where credit is given in contravention of a Notice of Correction requesting no lending?

Question 6: How can we make it easier for consumers to add a Notice of Correction to their file?

Question 7: How can we make it possible for consumers to prevent themselves from removing such a notification from their file? Suggestions from consumers include:

- **Third party approval**
- **A time-delay before the notification is removed**
- **A cognitive capacity assessment.**

Question 8: How can we create a self-exclusion regime that applies to lenders who do not use Credit Reference Agencies? Would a standalone register outside the CRA process of people who did not want to be offered credit be more or less effective and appropriate?

Question 9: How could a consumer define the forms of credit from which they wish to self-exclude?

Question 10: How could this restriction be managed as part of responsible lending processes?

Question 11: How could individuals block themselves from making credit applications online?

Supporting good financial management

Question 12: What are the barriers to making sophisticated money management technology both available at low or no cost and fully accessible to vulnerable consumers with demonstrable need? How might these barriers be overcome?

Question 13: How can we incentivise companies to develop more products that offer consumers a wide range of money management options, and how can we incentivise consumers to make greater use of those products?

Question 14: What data streams could be useful in detecting shifting/damaging patterns of behaviour?

Question 15: What further tools can be developed to help people monitor their behaviour with the introduction of the Open Banking API standard?

Question 16: What capacity is there to allow people to describe and notify their financial institution of their own patterns of behaviour when unwell – spending money at a particular merchant category or withdrawing cash on a credit card, for example?

Question 17: What are the limitations and barriers to creating restrictions - including with a third party involved - that kick in when financial behaviour appears risky?

Question 18: What additional or alternative controls could serve a similar function to those examples given?

Friction in online spending

Question 19: What capacity do retailers have to introduce personalised protections and account restrictions for customers?

Question 20: What role should Internet Service Providers play in enabling people to block their access - permanently or at particular times of day - to retailing sites?

Subscription retail

Question 21: What are the risks and benefits of requiring subscription retailers to guarantee the availability of both email and online cancellation for all consumers?

Question 22: Is there scope for regulatory intervention to ensure accrued credits can be refunded when unspent?

Premium rate phone lines

Question 23: What are the barriers and costs associated with enabling all phone consumers the option to block premium phone numbers on their line without a charge?

Question 24: What consideration should be given to making premium-rate numbers an "opt-in" service for consumers?

Question 25: What more could providers do to offer support to customers when they identify problematic use of premium-rate phone-lines?

Television-based retail and gaming

Question 26: What are the major risks of harm to vulnerable consumers in OfCom's current regulatory framework for teleshopping and gaming?

Question 27: Should consumers have the right to block channels and programming of this kind?

Catalogue credit

Question 28: What are the costs and risks of a central register of consumers - including former customers - who wish to be excluded from all marketing and catalogue circulation?

Question 29: Where catalogues are distributed door-to-door and orders taken in person, is there a case for intervention to permit residents to prevent unsolicited visits?

App and In-App purchases

Question 30: Can more robust protections be put in place to protect people who wish to block app and in-app purchases permanently?

Identifying vulnerable customers

Question 31: What would be a proportionate and appropriate response for retailers to take with consumers identified as potentially vulnerable or making decisions with impaired mental capacity?

Personalised advertising

Question 32: How can advertisers help consumers build a better personalised advertising experience that supports efforts towards behaviour change?

How to contribute to the consultation

Responses to the consultation questions or any other evidence or suggestions should be sent to **contact@moneyandmentalhealth.org**, or posted to Money and Mental Health Policy Institute, 22 Kingsway, London WC2B 6LE. Please do not feel you have to address every question in order to respond. Feel free also to suggest other areas of enquiry Money and Mental Health should pursue to help tackle crisis spending.

If you have lived experience of mental health problems, or have cared for someone who does, please also join our panel of Experts by Experience to help shape our work. Sign up at **www.moneyandmentalhealth.org**

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