

MENTAL HEALTH PROBLEMS AND FINANCIAL CAPABILITY

- UNDERSTANDING THE LINKS AND WAYS TO HELP

This is a short summary of common ways in which a mental health problem might affect a person's ability to manage their finances, along with suggestions of things providers and regulators can do to help. Not everyone with a given mental health condition will experience the same cognitive or psychological impacts; this is simply a list of factors to bear in mind.

Behaviour change	What is the impact?	What might help?
Response inhibition - the ability to suppress impulses	<p>People are more likely to make impulsive decisions, without regard to consequences.</p> <p>They may also find it difficult to interact with service providers and react in ways which are socially inappropriate to frustration, for example by swearing at a call handler.</p>	<p>Provide control options to help people resist impulses: double confirmation of transactions, cooling off periods and the ability to self-exclude from certain types of spending or new credit applications</p> <p>Offer jam-jarring and nudges to help people keep track of spending</p> <p>Train staff to recognise that frustration can be a sign of difficulty completing a task and that a customer needs more support</p>
Working memory - reduced ability to hold onto and process multiple pieces of information at the same time	<p>This makes it hard to compare different options and can mean consumers pick an unsuitable product.</p>	<p>Develop budgeting support and automated comparison services</p> <p>Work to improve price comparability and reduce service bundling wherever possible</p>

<p>Attention switching - the ability to switch focus between different parts of a task and respond to changing circumstances.</p>	<p>This can make it difficult to engage with complicated problems or tasks. Attention switching problems are likely to make engaging with complicated markets like energy or telecoms difficult, and may mean consumers get a poorer deal.</p>	<p>Design websites carefully so key tasks are easy to find with minimal distractions</p> <p>Develop comparison services for essential services like energy, telecoms and financial services</p> <p>Work to improve price comparability and reduce service bundling wherever possible</p>
<p>Planning and decision making - the ability to decide on a goal and work out the steps you need to take to achieve it.</p>	<p>Budgeting relies heavily on the ability to plan. People struggling with this might be more likely to miss payments and incur additional charges. It can also make long-term financial planning, for example pension savings or ensuring you have adequate insurance, difficult.</p>	<p>Develop budgeting support, jam-jarring and automated comparison services</p>
<p>Memory - the ability to store and retrieve information.</p>	<p>People experiencing memory problems may struggle to remember security information needed to manage their finances, like passwords and PIN numbers.</p>	<p>Explore alternative ways of verifying consumer identity including voice recognition and biometrics</p>
<p>Attention - the ability to direct and maintain concentration.</p>	<p>People who struggle to sustain attention may be unable to deal with complex financial tasks, such as budgeting or price comparison.</p>	<p>Develop budgeting support, jam-jarring and automated comparison services</p> <p>Design websites so key tasks are easy to find and distractions are minimised</p>
<p>Social cognition - the ability to identify and interpret social signals.</p>	<p>Social cognition problems can make it harder for people to communicate effectively. This can result in misunderstandings or insensitive behaviour that can make interacting with service providers difficult.</p>	<p>Train staff to recognise and deal with people experiencing communication difficulties and frustration</p> <p>Offer a range of communication channels and allow customers to choose which channels suit them best</p>

<p>Psychomotor functioning - detecting and responding to stimuli.</p>	<p>Problems with psychomotor functioning can drastically reduce productivity, making routine tasks such as completing paperwork or checking a bank statement seem laborious.</p>	<p>Develop budgeting support and automated comparison services</p> <p>Allow a family member or other trusted third party access to accounts, so that they can provide support</p>
<p>Motivation - the goals and aspirations which drive behaviour</p>	<p>The emotional impact of mental health problems, including feelings of hopelessness or helplessness, may make it difficult or even impossible for people to engage with their finances.</p>	<p>Develop budgeting support and automated comparison services</p> <p>Offer nudges and reminders that can prompt action when urgently required</p>
<p>Changes in spending behaviour</p>	<p>Spending may be used as a form of self-medication. In other cases, the emotions and thoughts characteristic of mental health problems can change attitudes to spending. For example feelings of hopelessness may mean people feel there's no point in moderating spending, while the euphoria of manic phases may mean people feel there's no need to limit spending. This can lead to savings depletion or serious debt problems.</p>	<p>Control options, such as self-exclusion from credit, double confirmation for large purchases or cooling off period before transactions are processed</p> <p>Offer smartphone or email nudges and visualisation to help people understand their spending behaviour</p>
<p>Communication difficulties - for example problems using the telephone or opening the post</p>	<p>This can make it more difficult to pay bills and contact suppliers in the event of a problem.</p>	<p>Offer a range of communication channels and allow customers to choose which channels suit them best</p> <p>Allow third party access, so that a family member or trusted friend can help with communication</p>