

Annex A: Informal borrowing and mental health problems

A.1 Research design

This research project consisted of:

- A review of the academic and grey literature around informal borrowing and illegal moneylending
- New analysis of national data set - Understanding Society
- A survey, focus groups and two interviews with members of Money and Mental Health's Research Community who have lived experience of mental health problems and informal borrowing.

Further details on each component of the research are provided below.

A.2 Literature review

Researchers completed a review of the existing literature on people's experiences of informal borrowing and illegal moneylending. Articles for review were identified using a snowball search strategy, searching terms relating to family, friends, lending and borrowing, the 'bank of mum and dad', illegal moneylending and 'loan sharks'. We reviewed academic literature, research carried out by other third sector organisations, including Relate and StepChange, and government documents.

A.3 Understanding Society analysis

The original data analysis presented in this report is based on Understanding Society, a large-scale longitudinal study of UK households. Over 40,000 households are interviewed every year to gather information on health, work, education, income, family and social life in the UK. This report presents new data analysis, drawing on one wave of Understanding Society data - Wave 4, collected in 2012/13 - the most recent wave of the survey which included detailed information about household debts.

The analysis includes some exploration of the relationship between poor mental wellbeing and borrowing from private individuals. For some individuals specific pieces of data may be missing – they have refused to answer a specific question for example. In this study, we do not attempt to impute these missing values but rely on the data available, given the sizeable data set.

Full citation of these datasets has been provided in endnotes where possible and is also copied below.

University of Essex. Institute for Social and Economic Research, NatCen Social Research, Kantar Public. (2017). Understanding Society: Waves 1-7, 2009-2016 and Harmonised BHPS: Waves 1-18, 1991-2009. [data collection]. 9th Edition. UK Data Service. SN: 6614

Our analysis focuses on two main variables:

- 1) Reported mental distress. We create a dichotomous variable from the GHQ-12 mental health screener provided in Understanding Society. GHQ-12 is an internationally recognised tool for identifying mental distress which is indicative of an underlying mental health condition. It can identify a range of mental health problems without requiring substantial separate diagnostic questionnaires, and so is valuable for headline analysis like this about the links between mental health problems and other societal issues. We use the derived variable of caseness provided by the Understanding Society team, which converts valid answers to 12 questions of the General Health Questionnaire (GHQ) to a single scale by recoding so that the scale for individual variables runs from 0 to 3 instead of 1 to 4, and then summing, giving a caseness score running from 0 (the least distressed) to 12 (the most distressed). In line with guidance, we define those with a score of three or more as experiencing distress which is more likely than not to indicate a mental health problem. A person with a GHQ-12 score greater than three visiting their GP would be more likely than not to receive further medical attention.¹
- 2) Reported debt to a 'private individual'. We use create a dichotomous variable for informal borrowing for respondents who answer "any other loan(s) from a private individual" to the question "for which, if any, of these items do you currently owe any money? Please do not include credit card and other bills being fully paid off in the current month." This question refers specifically to 'loans' of money, and does not include gifts. This, together with the inclusion of this type of borrowing in a list of more formal types of credit including hire purchase agreements, personal loans, catalogue or mail order purchase agreements and overdrafts, is likely to lead to some underreporting of the total scale of informal borrowing. The language of 'private individuals' may also not be how people characterise borrowing from family and friends, which the rest of our research shows is the most common source of these loans. A subsequent question gathers information about who the respondent has borrowed money from, but this was only asked to a small sub-section of the Understanding Society panel in 2012/13 and sample size is too small to analyse.

Data was weighted and adjustments for survey design made to ensure accuracy, using the weights and strata information provided by the Understanding Society team. All adults over 16 years of age in a household are eligible for interview, and the sample is representative of this population across the UK. Analysis excludes proxies and using self-completion specific weights where appropriate for our variable relating to mental distress.

The sample contains:

- Approximately 9,000 people reporting a level of mental distress indicative of a mental health problem.

¹ Jackson C. The General Health Questionnaire. *Occupational Medicine* 57:1; 7.; 2007.

- Nearly 550 people who report having borrowed money from a private individual.
- Just over 150 people who had both borrowed money from a private individual and were experiencing mental distress indicating a mental health problem. This sample size was too small to allow for further analysis of the demographic makeup of this group.

A.4 Research Community survey

Money and Mental Health collected data through an online survey of our Research Community, a group of more than 5,000 volunteers with personal experience of living with a mental health problem, or of supporting someone who does. Research Community members with lived experience of mental health problems were surveyed online between 19th January 2018 and 2nd February 2018. Surveys were distributed by email, and through the secure online portal to Money and Mental Health's Research Community.

422 people with lived experience of mental health problems and borrowing from friends, family or acquaintances participated in the survey. A mix of closed and open survey questions asked participants about why they borrowed informally, their experience of repaying these loans, how informal borrowing affected their relationship with the lender and the impact of informal borrowing on their mental health.

Where statistics from this survey are quoted in this report, we also provide sample size and a description of the base. This survey also contained a number of qualitative questions which were analysed thematically and used to develop the topic guide for our focus groups and to illustrate the report.

A.5 Focus group

A focus group was held on 8th February 2018 to test evidence from the desk-based research and survey, and to draw out potential solutions. Participants all self-identified as experiencing mental health problems and having had difficulties when borrowing informally. There were seven participants. The focus group was carried out online to maximise accessibility and protect participant anonymity. All focus group participants were offered a £30 Amazon voucher as a thank you gift for taking part.

The focus group considered the following:

- What led to participants to borrow informally.
- What arrangements they made to repay informal loans
- What problems informal borrowing had caused.
- What could have helped avoid these problems, or overcome them.

A written transcript of the focus group was thematically coded. Emerging themes were used to formulate an understanding that was checked with other members of the research team, and cross-checked with data from both surveys and the literature.

These findings were used to inform policy recommendations, ensuring our recommendations were grounded in experience and practical.