

## Money and Mental Health response to the Treasury Select Committee inquiry into Consumers' Access to Financial Services

### Introduction

The Money and Mental Health Policy Institute is a research charity, established in 2016 by Martin Lewis to break the link between financial difficulty and mental health problems. The Institute's research and policy work is informed by our Research Community, a group of 5,000 people with lived experience of mental health problems or of caring for someone who does. This consultation response has been informed by this powerful lived experience testimony, as well as our wider body of research. All quotes in this response are drawn directly from our Research Community.

### Background

- In any given year, one in four people will experience a mental health problem<sup>1</sup> which can affect their cognitive and psychological functioning, and make it significantly more difficult to access and engage with the market for financial services.
- Common cognitive and psychological symptoms of mental health problems include:
  - a lack of motivation
  - short attention span
  - unreliable memory
  - increased impulsivity
  - reduced planning and problem solving ability.
- As a result, people with mental health problems can experience difficulties when choosing, using and paying for financial services, and are at an increased risk of detriment in these markets.
- Partly as a result of this, people with mental health problems are three times as likely to be in problem debt as those without.<sup>2</sup> Half of adults in problem debt also have a mental health problem.<sup>3</sup>
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.<sup>4</sup>

---

<sup>1</sup> McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009

<sup>2</sup> Jenkins R et al. Debt, income and mental disorder in the general population. *Psychological Medicine* 2008; 38: 1485-1493.

<sup>3</sup> Jenkins R et al. Mental disorder in people with debt in the general population. *Public Health Medicine* 2009; 6, 3: 88-92.

<sup>4</sup> Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2019.



- Many people, however, don't realise that their symptoms amount to a diagnosable mental health problem, struggle to overcome the stigma around seeking help or face practical barriers to doing so. Only a minority of people with a mental health problem at any given time will therefore be receiving treatment and support - including additional help from financial service providers.<sup>5</sup>
- This is also not a static population. Many mental health problems fluctuate, so someone's ability to engage with their finances may change over time.

### Top three issues for the Committee to consider:

- **Access to affordable credit** - people with mental health problems are more likely to be living on a low income, and symptoms of these health problems can also make it harder for people to control their spending and to be engaged consumers. This can lead to poor credit scores and difficulties accessing affordable credit. We welcome the Chancellor's announcement of a pilot scheme to offer interest-free loans for those who are poorly served by the market.
- **Accessibility of financial services** - Millions of people with mental health problems struggle to effectively use financial services due to difficulties with tasks like making telephone calls, opening the post or navigating complex online forms. These tasks can be difficult, stressful, or altogether impossible, for some. The Committee should consider ways to make financial services more inclusive and accessible for people with mental health problems, such as supporting regulatory minimum standards and universal design.
- **Third party access to financial services** - Managing money in a period of poor mental health can be extremely hard. Many people want to give a carer or another third party access to their accounts to be able to help, but it isn't always easy to do so. Legal mechanisms such as Power of Attorney do not work well for people with fluctuating conditions, like many mental health problems. As a result, people often rely on risky workarounds such as sharing login details, which put both parties at risk. The Committee should encourage firms to develop flexible alternative tools for safely delegating access to third parties.

---

<sup>5</sup> 39% of adults with a common mental disorder (different types of depression and anxiety) are receiving any treatment. McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

### **1a Examine how financial services firms define ‘vulnerability’ and assess how practical the Financial Conduct Authority’s definition of vulnerability is.**

We welcome the FCA’s decision to listen to concerns from Money and Mental Health, and others, and to retain its original definition of vulnerability. We were concerned that the alternative definition proposed earlier in the year may have particularly disadvantaged people with mental health problems, who often struggle to disclose their condition to firms, due to reasons including stigma and not having a diagnosis.<sup>6</sup> We are pleased that the FCA is publishing guidance on vulnerability to assist firms using this definition, and to ensure it is enforceable, but we would caution against reopening the debate about what the definition itself should be.

### **1b Evaluate the training and practices in place at financial services firms in relation to vulnerable consumers.**

Driven by the FCA, financial services firms have significantly improved their understanding and treatment of consumer vulnerability. However, there is still more that firms can do upstream, to ensure that their products and services are accessible for people with mental health problems, and make it easier for these customer to avoid falling into debt problems. A quarter of consumers will experience a mental health problem each year, but they won’t necessarily know this, or be able to tell their financial services providers or ask for additional help. The pervasive effects of mental health problems mean that services need to be designed in a mental health friendly way. By designing products and services that are accessible even for the most vulnerable customers, for instance those who struggle to remember login details or can’t make telephone calls due to their mental health, firms could significantly reduce harm and benefit all consumers by making financial services easier to use.

### **1c Consider the merits of having a ‘duty of care’ for financial services providers and examine whether this would increase protection for vulnerable customers.**

Money and Mental Health believes that changes to the FCA’s regulatory framework are needed to tackle long-term issues facing consumers in the market for essential financial products.<sup>7</sup> However, we understand the legal complications around defining a ‘Duty of Care’ in either a fiduciary or tort sense, and that this may be seen as duplicating existing FCA Principles for Businesses. Instead, in

---

<sup>6</sup> Crine S. One step forward, two steps back - the FCA’s proposed new definition of vulnerable consumers. Money and Mental Health Policy Institute. 2017.

<sup>7</sup> See answer 3e for more details.

the short term, we suggest that clarifications to the FCA's Principles for Businesses could in effect meet the aims of a 'duty of care'.<sup>8</sup>

## **2a Examine which customers can be most disadvantaged when bank branches close and consider whether there is evidence to suggest that bank branch closure leads to increased financial exclusion.**

People with mental health problems often experience difficulties communicating in certain ways. Three quarters (75%) of people who have experienced mental health problems find at least one common communication channel distressing or difficult to engage with.<sup>9</sup> Some are phobic about using the telephone, opening letters or face-to-face contact with firms. Others need the reassurance of a real person, and may not trust chatbots or even webchats with human operators. These difficulties can prevent people from receiving information, and can quickly lead to missed payments and other problems.

*"I find doing things face to face much easier and better for me. I hate doing things over the phone and can get quite anxious when doing so."*

Bank branch closures may particularly disadvantage people with mental health problems who struggle with remote methods of communication and rely on face-to-face support from firms to manage their finances. Regulators should explore options to retain access to face-to-face services for those who need them most.

## **2c Examine how providers ensure that their marketing, communications and support services are accessible to vulnerable consumers, including consumers who have low literacy levels.**

Mental health problems can affect people's financial capability, including their ability to navigate providers' websites, call centre menus and other sources of information. These problems can be exacerbated by "information overload", when a firm fills a letter or a webpage with too much content or the design is too complex, and a customer feels overwhelmed. Seven in ten (70%)

---

<sup>8</sup> Evans K. The Financial Conduct Authority discussion paper on Duty of Care. Money and Mental Health Policy Institute. 2018.

<sup>9</sup> Online survey of 2,078 people, carried out by Populus for the Money and Mental Health Policy Institute, 11-13 May 2018. Data is weighted to be nationally representative. Holkar M, Evans K and Langston K. Access Essentials: Giving people with mental health problems equal access to vital services. Money and Mental Health Policy Institute. 2018.

respondents to a Research Community survey reported that they find it difficult or very difficult to identify key pieces of information on a bill or statement when unwell.<sup>10</sup>

*"I am far from being a simpleton, but bills are often so entangled with legal jargon to cover the company's backs that it is too easy to misunderstand the basics that the customer needs to be able to understand."*

Many financial services firms do offer additional help to vulnerable customers. However, Money and Mental Health research suggests that few who are eligible are being proactively offered this support and many struggle to find information about it independently or do not feel comfortable telling firms about their mental health.<sup>11</sup> Support services reliant on disclosure, or which require someone to make a telephone call, are inaccessible to many consumers with mental health problems.

Money and Mental Health favours a universal design approach to these accessibility problems. By ensuring that communications are accessible, even to those with particular problems understanding, regulators can reduce harm for those with mental health problems and benefit consumers more broadly with simpler information.

Significant harm is also caused by threatening language and content prescribed by the Consumer Credit Act 1974, which firms are required to include in letters to customers in debt.<sup>12</sup> This language can make people feel as if there is no way out of a debt problem and, in some circumstances, can contribute to people becoming suicidal.<sup>13</sup> Money and Mental Health is calling for an update to this legislation so that creditors can use simpler language when communicating with customers and must clearly signpost people to sources of support.

## **2f Evaluate the systems and controls in place for Power of Attorney at financial services providers.**

Many people with mental health problems rely on help from carers, friends or family members to manage things like budgeting, ensuring bills are paid on time and preventing increased spending during periods of poor mental health.

---

<sup>10</sup> Money and Mental Health survey of 628 people with lived experience of mental health problems. Relevant base for this item: 575 people. Ibid.

<sup>11</sup> Money and Mental Health survey of 434 people with lived experience of mental health problems. Conducted online 01 September – 10 October 2017. Base for this question: 335 people. Ibid.

<sup>12</sup> More information available at: <https://www.moneyandmentalhealth.org/debt-threats/>

<sup>13</sup> Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2019.

However, carers often struggle to access account information or to communicate with firms on behalf of the person they care for, meaning that they must either spend long periods of time working through systems together – particularly challenging as most people who care for someone with a mental health problem do not live with them<sup>14</sup> – or rely on risky workarounds. Half of carers for people with mental health problems know someone else’s PIN (52%), and one quarter know someone else’s online banking password (23%).<sup>15</sup> Legal tools like Power of Attorney are often seen as inappropriate or disempowering by people with fluctuating mental health problems.<sup>16</sup>

*“I am frequently told to give a power of attorney to a relative to make it easier for the bank. I have capacity and agency but once anxiety kicks in I cannot recall even basic information.”*

This person is not incapable of managing their finances, but finds it very difficult with the systems currently in place at their bank. Requiring them to give up control of their money using a Power of Attorney is not an appropriate solution, and would instead disempower the customer.

It is understandable that firms might be cautious about engaging with carers without a Power of Attorney, due to concerns about data protection and privacy, but the lack of appropriate third party access mechanisms risks exposing people who are already struggling with their mental health to financial harm too. We urgently need financial services providers to build processes and settings which allow people to share financial management tasks with a friend or family member in a transparent way, without putting either party at risk. Useful options could include:

- Online read-only account access for a third party
- Notifications to a third party - for instance for transactions beyond a certain threshold
- Ability to delegate limited account tasks - for instance the ability to pay existing payees
- Dual authorisation of transactions - particularly for people who struggle to control their spending
- Carers Cards with limited permissions - as announced by Barclays in 2017.<sup>17</sup>

## **2h Evaluate how regulators hold financial services providers to account for how they treat vulnerable customers, and how regulators instruct financial services companies to comply with equalities legislation.**

---

<sup>14</sup> Survey of Carers in Households 2009/10. NHS Information Centre for Health and Social Care. 2010.

<sup>15</sup> Murray N. Strength in numbers. Money and Mental Health Policy Institute. 2016.

<sup>16</sup> Ibid.

<sup>17</sup>

<https://www.telegraph.co.uk/news/2017/06/12/new-bank-cards-will-let-carers-buy-groceries-pay-bills-with-out/>

Mental health problems affect people's consumer behaviour and the way that they interact with all sorts of essential service providers, regardless of the particular firm, or the regulator sitting above it. Inconsistent approaches to these problems may confuse people with mental health problems, or make it harder for them to engage with support. As essential services are increasingly bundled, or accessed through intermediaries across market boundaries, consistency will become yet more important.

Regulators should collaborate to develop minimum standards of accessibility and support for people with mental health problems, that can be expected across essential services. These would be designed to safeguard customers with mental health problems against the most significant accessibility barriers, or practices that would otherwise cause significant harm to this consumer group. Beyond these minimum standards, regulators should encourage competition and innovation to drive improvements for people with mental health problems.

We were pleased to see the Department for Business, Energy and Industrial Strategy endorsing this approach and calling for the UK Regulators Network to explore minimum standards for people with mental health problems, dementia and cognitive impairments, that can be expected across regulated markets.<sup>18</sup> By making services more accessible and easier to engage with, this approach will reduce detriment for the most vulnerable consumers and strengthen competition across the market, benefiting all consumers.

### **3a Examine the effectiveness of procedures deployed by financial services providers to ensure that customers properly understand the products that they are purchasing, including those who have low literacy levels.**

Symptoms of mental health problems often affect our information processing abilities,<sup>19</sup> which can make it more difficult to understand information from financial service providers. Terms and conditions have been highlighted as particularly difficult to understand. These statements are often long and full of technical language, and many people find them inaccessible, but for people experiencing mental health problems they can take even more time and effort to work through.

*"I've felt overwhelmed, exhausted and unable to wade through endless pages of information and especially when it comes to things like terms and conditions"*

---

<sup>18</sup> Department of Business, Energy and Industrial Strategy. Modernising consumer markets: green paper. 83.

<sup>19</sup> Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017

A Money and Mental Health survey of nearly 5,500 people with experience of mental health problems found that:<sup>20</sup>

- 92% - found it harder to make financial decisions when unwell
- 59% - had taken out a loan that they wouldn't otherwise have taken out when unwell.

In line with the criteria of the Mental Capacity Act 2005, we also asked our respondents to consider how their mental health problems had affected their decision-making in applications for credit that they had made during the last 12 months:

- 24% said they were unable to understand the terms and conditions
- 38% said they were unable to remember what they had been told about the loan
- 48% said they were unable to weigh-up the advantages and disadvantages of the loan
- 34% said they were unable to communicate their decision, ask questions or discuss the loan with the organisation that they applied to.

These findings suggest that understanding of financial products and mental capacity at the time of applying for credit are significant issues, which need further exploration. Financial services are an essential of modern life, so it is imperative that consumers are supported to understand key features and terms of these products.

### **3b Examine whether vulnerable consumers pay prohibitively more for certain financial services products, including travel and home insurance.**

Across the country, 43% of people who have experienced mental health problems and tried to buy travel insurance in the last five years think that the price is unfair or very unfair, and more than one in ten (13%) have travelled without insurance because it was too expensive.<sup>21</sup> Travelling without cover can be a significant source of risk and distress. A systematic mystery shopping exercise found that even those with historic or long-term stable mental health problems can be charged significantly inflated prices, with prices increasing by up to 462% for people with long-term stable bipolar disorder.<sup>22</sup> Others are simply denied cover.

Some degree of price variation according to risk in cases of disability is expected in insurance markets, and the Equality Act includes specific clauses allowing this, as long as the differentiation is driven by reference to relevant and reasonable information, and is used in a reasonable way to price the additional risk.<sup>23</sup> Only the FCA has the power to access insurers' commercially sensitive pricing and risk models and assess whether pricing practices are fair, but given the extent to which

---

<sup>20</sup> Holkar M and Mackenzie P. Money on your mind. Money and Mental Health Policy Institute. 2016.

<sup>21</sup> Holkar M. Travel insurance and mental health: a turbulent journey. Money and Mental Health Policy Institute. 2018.

<sup>22</sup> Ibid.

<sup>23</sup> Equality Act 2010. Sch 3 cl 21 (1).



prices can rise for customers with mental health problems, and the financial and psychological detriment this can cause, the FCA should require providers to demonstrate that their pricing practices comply with the Equality Act.

### **3c Consider whether vulnerable consumers have access to appropriate and affordable credit.**

People with mental health problems are more likely to be living on a low income, and symptoms of mental health problems can make it harder to control spending, often resulting in financial difficulties and poor credit scores. As a result, some struggle to find credit at an affordable price, and others may be financially excluded altogether. In the absence of better options, some people with mental health problems turn to informal borrowing, often from friends or family. This can generate feelings of shame and guilt, put a strain on relationships, and can expose borrowers to problematic collections practices and other risks.<sup>24</sup> We welcome the Chancellor's announcement of a pilot scheme to offer interest-free loans, which could provide a safer alternative for many of these people. The government should also consider extending provision of low-interest Budgeting Advances to Universal Credit claimants at any point in their claim, in partnership with credit unions and with repayment through future benefit payments.

### **3d Evaluate the impact of reducing the number of free-to-use ATMs on vulnerable consumers.**

Our research has found that some people with mental health problems rely on cash as a means of managing their spending, and that there are a lack of digital tools to meet these needs, for example spending controls or appropriate third party access. These people may be particularly vulnerable to financial problems if access to cash declines.

For digital alternatives to work for these consumers, firms must provide people with the ability to put in place restrictions to help protect themselves from financially damaging behaviour during periods of poor mental health, or appropriate third party access. Useful options could include:

- Spending limits
- The ability to “freeze” a payment card during a period of poor mental health
- Restrictions on spending with certain merchant category codes or at certain times of day
- Carers cards.

---

<sup>24</sup> Braverman R, Holkar M and Evans K. Informal borrowing and mental health problems. Money and Mental Health Policy Institute. 2018.



### **3e Evaluate how regulators assess whether financial services providers are providing products to consumers at a fair price.**

Money and Mental Health has concerns about the distribution of costs in financial services markets. We understand that it is not the FCA's role to make social policy, and that all its work must balance the sometimes-conflicting operational objectives to promote competition and ensure adequate consumer protection. However, we sometimes feel the balance between these two goals is misplaced, with costs disproportionately falling on inactive consumers. We are particularly concerned about the current account market, where the free-if-in-credit model has created cross-subsidies between consumers who use unarranged overdrafts and those who are largely in credit. We believe that the marketplace as currently functioning does not properly account for the differing abilities of consumers to engage. People with mental health problems, in particular, may struggle to engage with financial services markets at times, due to symptoms such as low motivation or in periods of acute illness, and can end up paying more as a result. Differential interest rates for front and back book savings customers can create similar distributional effects, and a "loyalty penalty" for inactive consumers has also been identified in other essential service markets.<sup>25</sup> Cumulatively, this can impose substantial aggregate harm on consumers who are less able to engage due to mental health problems.

---

<sup>25</sup> Ogunye T, Rogers C, Greenhalgh L and McCay B. The cost of loyalty Exploring how long-standing customers pay more for essential services. Citizens advice. 2018.