MONEY AND MENTAL HEALTH POLICY INSTITUTE

Policy Note

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Debt and mental health: a statistical update

Introduction

Money and mental health problems are a marriage made in hell. There is a strong statistical relationship between these problems and often they can feed off each other, creating a vicious cycle of worsening mental health and growing financial difficulties.[1]

Financial problems can be a significant source of distress, putting pressure on people's mental health, particularly if they are treated insensitively by creditors. Some people in financial difficulty cut back on essentials, such as heating and eating, or social activities that support their wellbeing, to try and balance their budget. In many cases this has a negative impact on people's mental health.

"My financial situation causes stress every day, it's like a black cloud hanging over me every day. It never goes away... I often skip meals or eat breakfast cereals to save money, and rarely put the heating on, which causes more worry."

There are also strong causal links from mental health problems to financial difficulties. People with mental health problems are more likely to be living on a low income than those without,[2] and some experience sudden income shocks when they become unwell and less able to work.[3]

Common symptoms of mental health problems can also affect people's financial capability, making it harder to keep on top of money management, control spending, and get a good deal in complex consumer markets.[4] This can quickly result in running down savings, going without essentials or falling into problem debt.

"When my illness starts to decline, I lose the ability to organise and deal with everyday tasks. I get confused about when or if I've paid something. I cannot concentrate and eventually I am unable to do anything. When I am like this, I even have a problem with using the telephone, and so cannot call and explain my circumstances, and due to my condition, I do not even have the ability to leave the house in order to talk face to face with someone."

This policy note draws on nationally representative data to update key statistics on the relationship between debt and mental health problems, and sets out implications for policymakers, service providers and essential services firms.

We find that:

- Almost **one in five (18%)** people with mental health problems are in problem debt, **three and a half times** the rate among people without mental health problems (5%).
- **Half (46%)** of people in problem debt also have a mental health problem.

Nationally representative data

The new statistics presented in this policy note are based on analysis of the 2014 Adult Psychiatric Morbidity Survey (APMS). The APMS is a nationally representative survey of English adults, carried out every seven years to provide an estimate of the prevalence of mental health problems across the country.

The APMS screens all participants for a range of mental health problems, using validated assessment questionnaires, meaning that it captures mental health problems even where a participant is not in contact with mental health services or aware that their symptoms might amount to a diagnosable mental health problem.

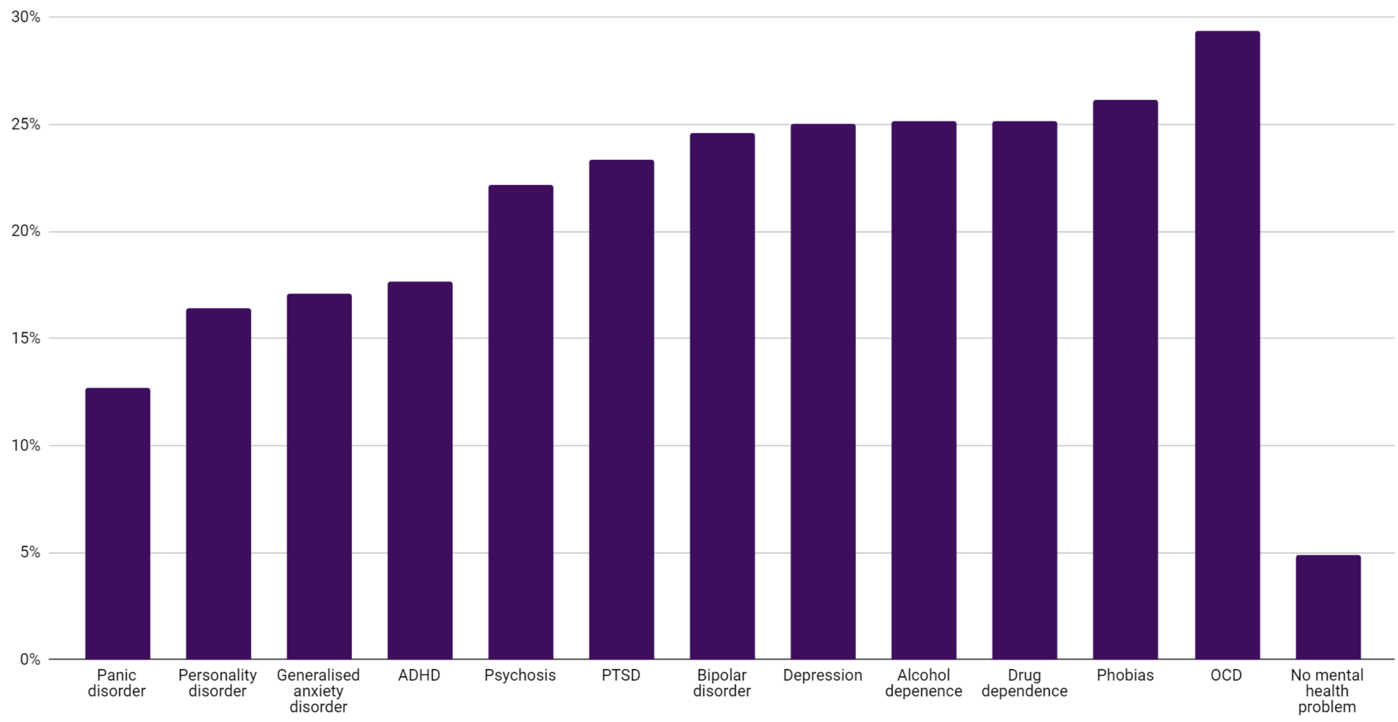
Problem debt among people with mental health problems

Across England, 7% of the adult population are in problem debt, defined here as having been seriously behind on payments for bills or credit agreements, or disconnected by a utility provider, in the past year.

People with mental health problems are considerably more likely to have a debt problem. While one in twenty (5%) people without a mental health problem are in problem debt, this rises to almost one in five (18%) for people experiencing mental health problems. This implies that people with mental health problems are three and a half times as likely to be in problem debt as those without. Across England more than 1.5 million people are experiencing both issues.[5]

Regardless of what sort of mental health problem someone has - people with each condition are consistently more likely to be in problem debt than people without mental health problems, as illustrated in Figure 1. This ranges from around two and half times as likely for people with panic disorder, to people with obsessive compulsive disorder who are almost six times as likely to be in problem debt as those without mental health problems.

Figure 1: Prevalence of problem debt among people with different mental health problems



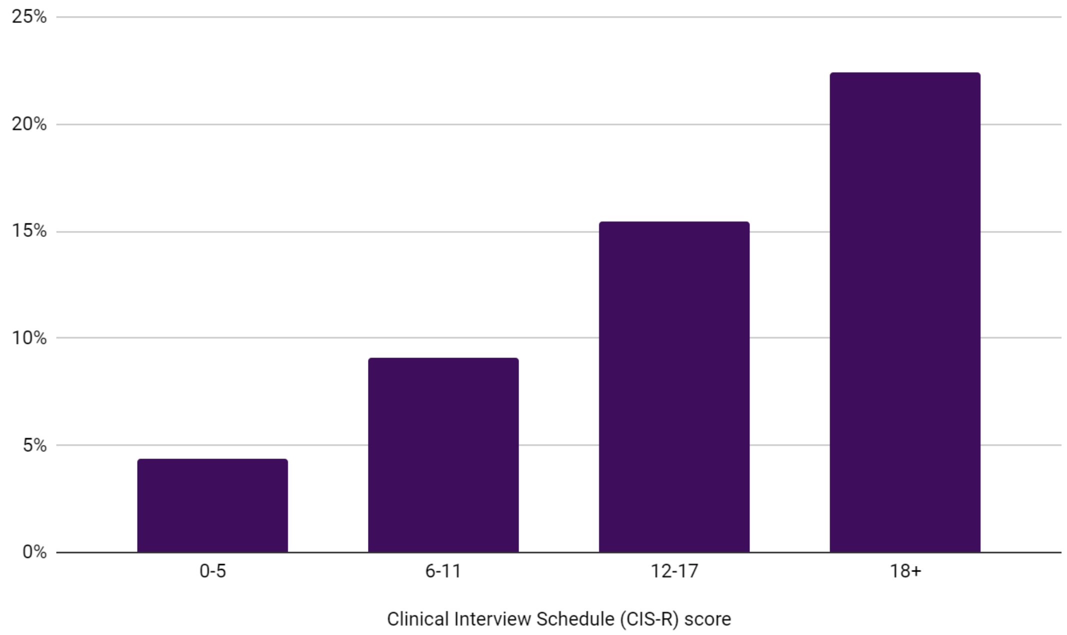
Source: Money and Mental Health analysis of NatCen analysis of APMS 2014.

This granular detail is useful as different mental health conditions are characterised by different symptoms and can affect people's finances in different ways.[6] But it's important to remember that many people don't neatly fit into one diagnosis, and that two people with the same diagnosis may experience different symptoms, so it is not helpful to make assumptions based on diagnostic labels.

"During a bipolar hypomanic episode I spend money on unnecessary extravagant items that I wouldn't normally buy on credit… when depression sets in, I worry obsessively about money that I owe, and [I] am unable to ask for help."

We also analysed the relationship between the severity of symptoms of common mental disorders and problem debt. The revised Clinical Interview Schedule (CIS-R) is a screening tool designed to identify common mental disorders - conditions such as depression and anxiety that affect one in six (17%) of the population at any time. Seven in ten (69%) people score fewer than six points, well below the threshold for a mental health problem, but a score of 12 or more indicates that symptoms likely amount to a common mental disorder, and require clinical recognition, whilst a score of 18 or more indicates a severe disorder.

Figure 2: Prevalence of problem debt by severity of common mental disorder symptoms



Source: Money and Mental Health analysis of NatCen analysis of APMS 2014.

As Figure 2 shows, the strength of common mental disorder symptoms is strongly associated with prevalence of problem debt. Fewer than one in twenty (4%) of people with the lowest levels of symptoms are in problem debt, and this rises for every band of symptom scores, to more than one in five (22%) people with severe symptoms of common mental disorders.

Previous Money and Mental Health research has highlighted symptoms of mental health problems as a key causal link between mental health and financial problems,[7] and these findings suggest that, even below the threshold for a diagnosable mental health problem, poor mental health may have an impact on people's finances. In practice, it also means that a person is more likely to be in financial difficulty exactly when they are least likely to be able to deal with it.

"Every time a debt letter arrived I binned it and didn't tell my partner. I tried different ways to organise our money, but my head was all over and I could not think logically... I was juggling payments constantly until they all came crashing down."

Mental health problems among people in debt

For mental health services, understanding the prevalence of financial difficulty is critical to ensuring holistic and effective treatment. Similarly for creditors, understanding the prevalence of mental health problems among customers in arrears is essential to providing an inclusive service with effective support.

Almost half (46%) of all people in problem debt also have a mental health problem, compared to just one in six (17%) of people who are free from problem debt. The likelihood that a person has a mental health problem rises with the number of problem debts. 45% of people with one problem debt have a mental health problem, rising to half (50%) of people with two or more problem debts.

The implications of problem debt on people's lives can be severe. Whilst there is rarely one single factor that drives someone to take their own life, there is a strong link between problem debt and suicide.[8] People in problem debt are three times as likely to have thought about suicide in the past year. Even after controlling for other interrelated factors such as age, gender, employment and experience of traumatic events, we find that people in problem debt have approximately 1.8 times the odds of thinking about suicide.

"My debts feel like a weight around my neck and I often think that financially my husband would be better off without me - leaving him or taking my own life."

More than one in eight (13%) people in problem debt have thought about suicide in the last year, equivalent to 420,000 people. The analysis also reveals that three in every hundred (3%) people in problem debt have attempted suicide in the past year, compared to just 0.8% of those not in debt. This suggests that over 100,000 people attempt suicide whilst in problem debt each year in England alone.

What can be done to break the link between money and mental health problems?

The links between mental health and money problems are many and complex. Action from a wide range of organisations, including government, regulators, essential services providers, NHS services and money advice organisations is required to minimise the psychological impact of problem debt and reduce the likelihood that people with mental health problems experience financial difficulties altogether.

Recommendations

To reduce the number of people experiencing mental health problems who fall into financial difficulty:

1. **Employers and government** should ensure people who need time off work due to a mental health problem receive adequate sick pay, and those who need a longer period of time out of work can access appropriate benefits.

2. **Financial service providers** should develop tools and settings that people can put in place when well, to protect themselves from harm at times when they are less able to engage in financial management or control their spending. Given the proportion of people in problem debt who will also be experiencing mental health problems, it is also vital that arrears and collections processes are designed to minimise psychological distress.

Footnotes

[1] Holkar M and Mackenzie P. Money on your mind. Money and Mental Health Policy Institute. 2016.

[2] Independent Mental Health Taskforce, The Five Year Forward View for Mental Health, NHS England, 2016.

[3] Bond N and Barverman R. Too ill to work, too broke not to. Money and Mental Health Policy Institute. 2018.

[4] Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

[5] Money and Mental Health analysis of NatCen analysis of APMS 2014 and ONS mid-year population estimates 2017.

[6] Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

[7] Ibid.

[8] See A Silent Killer for a full exploration of the links between financial difficulties and suicide. Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.