



Money and mental health at a time of crisis

Introduction

All of us to varying extents are dealing with an increased strain on our mental health as a result of coronavirus. Fear of illness and concerns about the economic impact have left many feeling anxious as they try to adapt to the immediate difficulties of life under lockdown. To better understand these difficulties and their impact on our mental and financial health, between 20-30 March, Money and Mental Health Policy Institute surveyed our Research Community, a group of 5,000 people with experience of mental health problems.

In this policy note, we explore the results of this survey, highlighting the challenges that people living with mental health problems, and others experiencing psychological distress as a result of the coronavirus crisis, are facing in their financial lives. We discuss how the societal response to coronavirus is affecting incomes - from work or social security - before turning to the impact on spending, including on essential services and debt. Drawing on this evidence, the note recommends steps which government, firms and regulators could take to mitigate the harm.

Unprecedented times, unprecedented pressures

Unsurprisingly, many of the 568 respondents to our survey noted the toll the spread of coronavirus had already taken on their mental health. For some, this was through increased anxiety about their health or that of their friends and families. This made it harder to carry out essential tasks like buying food:

"My anxiety has been through the roof, I've been having panic attacks. I'm still going out to the shops

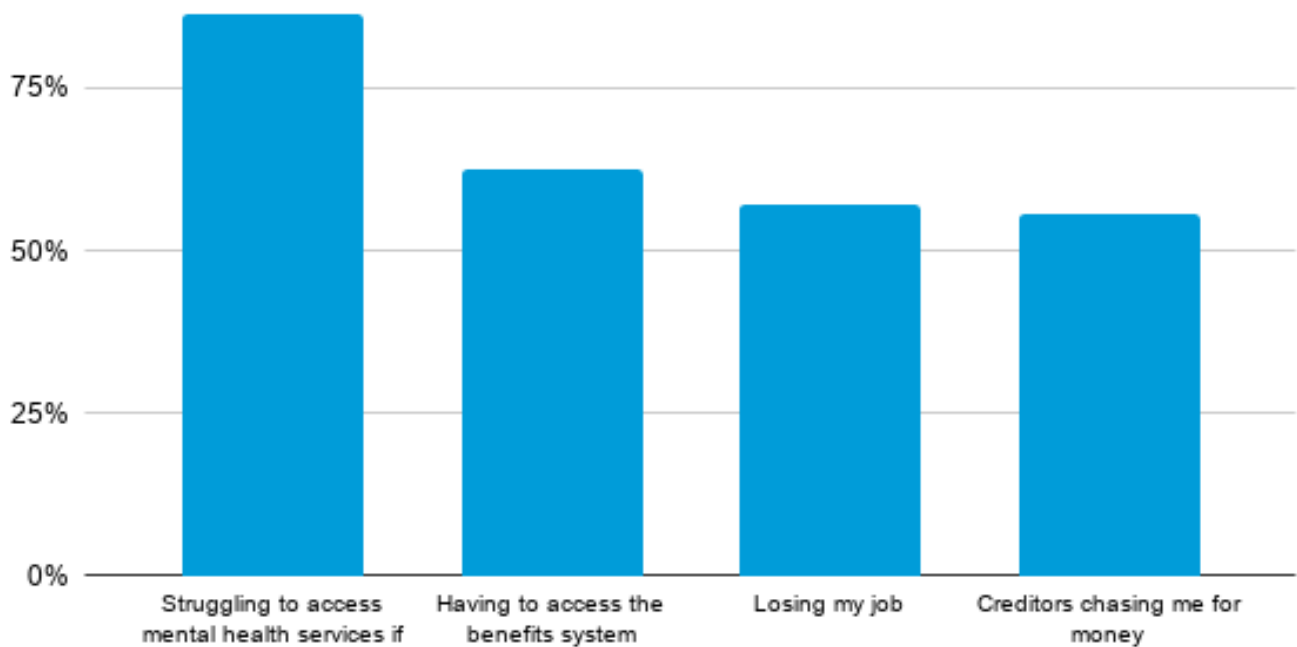
but have developed a fear of contamination that makes it very anxiety inducing. I was having counselling but that has been stopped, which is a blow, especially at a time when my mental health is suffering so badly."

Support systems, whether they are family and friends or mental health services, can be invaluable in helping people to cope with such circumstances. But with social distancing measures in place, the two thirds (65%) of survey respondents who agreed or strongly agreed that they rely on face-to-face contact with friends and family may be missing that assistance. For those using health services, the help many depend on to manage their condition may be impossible to access, or delivered in a less effective way. As Figure 1 shows, this was among the strongest concerns raised by survey respondents; 86% agreed or strongly agreed that as a result of coronavirus they were worried about struggling to access mental health services if they needed them. Phone and online-based contact will fill a gap for some. But for many others, including those without a clinical diagnosis of a mental health condition, the necessary restrictions in response to coronavirus will unavoidably be difficult to cope with.

That means that minimising the other major source of worry our respondents highlighted - the impact of the coronavirus response on their finances - becomes even more important if we are to avoid a spiral of worsening mental health and financial difficulties.

Figure 1 illustrates other major concerns: income from work or benefits and outgoings, including on energy and debt repayments. Across each area, the dual questions of availability and accessibility of support were key.

Figure 1: Respondents' Coronavirus concerns
% of respondents who agree/strongly agree they are worried about...



Source: Money and Mental Health survey of 568 people with lived experience of mental health problems. Base for each question respectively: 383, 325, 160, 294.

Income from work

The government has acted swiftly to try to protect incomes. Despite these moves, respondents to our survey expressed mixed opinions on the government's actions to date. Job security was a particular concern. While some reported feeling "safer" financially as a result of the Coronavirus Job Retention Scheme, 57% agreed or strongly agreed they were worried about losing their job due to the impact of the response, and fewer than one in three (29%) respondents agreed or strongly agreed that it was easy for them to work from home. Others felt that they had not been protected, with their mental health a contributing factor in employers' decisions:

"I have been told that I will lose my job. I have been on reasonable adjustments within my organisation, while recovering from depression. The role I am doing is to be discontinued because the company has decided it can no longer 'carry' people. I am devastated at the actions of my employer of 15 years."

Those with variable hours, including people on zero hours contracts or those who depend on overtime to supplement their guaranteed hours, were unclear on the level of support they could expect from the

scheme. Questions were raised on whether it would reflect their typical earnings or only those hours specified in their contracts. With some people experiencing mental health problems preferring these flexible arrangements, finding it easier to fit around their health needs, this may disproportionately affect this group.

Regardless of the type of employment, respondents worried about the low level of Statutory Sick Pay (SSP) available to them if they became unwell.

"If I self-isolate I will only be paid SSP and this isn't enough to cover my monthly outgoings"

While the fall in income from moving to SSP can be sizable, there remains a group of approximately 2 million low-paid employees who fall below the earnings threshold to be eligible for it, meaning they miss out on this support entirely.

A group with a separate set of problems is the self-employed. While the Self-Employment Income Support Scheme will cover many - though not all - of the self-employed, the period between now and June, when the first payments through this scheme arrive, may lead to financial hardship for some. The majority of those who completed our survey did so before the announcement of this scheme but self-employed

respondents understandably worried about what the coming weeks and months would mean for their finances, and the resulting detriment to their mental health:

"My income has ceased, I expect this to be the case for some months. I am extremely worried about my mortgage, utilities, loans etc and don't know what to do about it. It seems to me that I fall into a crack in the Chancellor's rescue package. I feel really frightened."

Many respondents raised the need for better information across the board. Despite the government's bold promises, at an individual level people continue to face significant uncertainty over their entitlements in work, what their employers could and couldn't do, and what would happen after weeks or months of the current restrictions on business operations being in place. Without greater clarity on what is being provided and how to access it, the colossal support set aside by the government may not reach those it is intended to assist through these challenging times.

Recommendations:

The government should:

- Protect low-paid employees from income shocks due to illness by extending Statutory Sick Pay to the lowest earners and increasing its generosity
- Offer guidance to employers of people on zero hours contracts, or those who regularly work overtime, that they will be compensated relative to the average earnings over an appropriate recent period e.g. three months
- Minimise the information required from the self-employed in order to access the Self-Employment Income Support Scheme, recognising the difficulties many will face in engaging with complex processes while under pressure
- Improve and promote guidance on the rights of employees and the self-employed to help ensure the promised support reaches those who need it.

Accessing social security

The government's commitment to do "whatever it takes" must extend to ensuring those in need of support can actually access it in a way that works for them. Nowhere is this more true than in the benefits system. While intended to help people facing a loss of income from work, there was much concern among respondents to our survey about the difficulty of accessing support. Over three in five (62%) agreed or strongly agreed that they were worried about having to access the benefits system.

This aligns with an earlier survey of Research Community members who had claimed one of the main benefits such as Universal Credit, Housing Benefit or Personal Independence Payment (PIP) in the previous two years:

- Nearly all participants reported finding application forms difficult
- Four in five participants had difficulty finding the right information to send
- Over two thirds of participants said they always or often need help to attend appointments and assessments.

Given the extent of these problems and the mental load both new and existing claimants will be under, improving accessibility will be vital. In line with media coverage and the evidence given by the Secretary of State and Permanent Secretary to the Work and Pensions Committee, our survey respondents reported long waiting times on calls to jobcentres. Without an expansion of capacity, the delays could lead to those in urgent need falling into financial hardship through no fault of their own.

Rules for new claims also appear unfair in light of current pressures. Currently, once a claim for Universal Credit is started, if the claimant doesn't arrange a jobcentre appointment (now conducted over the telephone) within one week, the claim is cancelled, requiring the entire process to be restarted. Given limited access to face-to-face help, long phone queues and the complexity of forms, leniency on this tight timescale is clearly merited.

Long periods spent on hold are likely to be particularly stressful for those with phone phobias or those who may previously relied on face-to-face discussions or help from a friend, family member or support worker.

Claimants expressed fears that they would be unable to access services, and miss out on payments. A number of respondents highlighted ongoing appeals or reassessment processes and the difficulty in resolving these given the current strains:

"I got a letter from DWP saying I'd be getting a lot less ESA, but not why. There was a deadline but nobody to answer their phones because of the virus, it goes to machines... I sent a letter, but I don't know what any of us will be able to do where we're not able to contact them about such issues."

Other respondents in similar positions mentioned they would usually rely on face-to-face services like a Citizens Advice Bureau to help them complete forms correctly and on time. Without that, they feared they would fall out of the system.

"I'm terrified, it's scaring me and my anxiety and paranoia has gone through the roof. I'm worried because I have PIP forms to send back and CAB [Citizens Advice Bureau] is closed for appointments due to COVID so I can't get help."

Another pre-existing issue with Universal Credit that has become all the more pressing is the initial five-week wait to receive the first payment. With many facing an immediate and sharp drop in their incomes, including those among the self-employed waiting till June for support from the Income Support Scheme, such an extended period without money coming in could push people into hardship. While loans are available, for many repaying these in the coming months would be extremely difficult.

While the DWP and its staff will face huge demand for their services in the weeks and months ahead, demonstrating an understanding of the challenges facing claimants will be critical.

Recommendations

The DWP should:

- Ensure there are sufficient telephone advisors available to support people with Universal Credit claims, and open new communication channels such as webchat
- Extend the time period for new Universal Credit claimants to make appointments for telephone interviews beyond one week, to ensure that people who require support to arrange and participate in appointments are not disadvantaged

- Ensure that people identified as vulnerable or at risk receive interim payments while they navigate the full claims and appeals processes
- Suspend all forms of conditionality for a three month period, so that people will not face sanctions if they cannot meet current requirements to look for jobs or keep appointments with the DWP
- Make initial Universal Credit payments as grants rather than loans to help those in need of immediate support for whom the standard five-week wait will lead to hardship
- Extend the one month timeframe for people to return PIP claim forms, and proactively follow up with claimants who have not returned forms within timescale.

Essential services

The income shocks discussed above and the pressure they place on those affected have, rightly, been the primary focus since the societal response to coronavirus began. But lost income begins to bite when it becomes harder to budget and bills can't be paid. Making ends meet can be harder when people are experiencing mental health problems, which can reduce concentration, increase impulsivity and reduce motivation to engage with tasks like budgeting. If more people experience mental health problems as a result of the pandemic, they are likely to struggle to engage with essential services markets as usual. Equally, once people fall into financial difficulties, these can cause or aggravate mental health problems, and make it harder to ask for help.

While the government has acted around some payments, including on housing, the responses to our survey suggested messaging has sometimes been confusing and understanding what you are entitled to on different debts can be challenging.

Creditor behaviour will be a vital factor in how people feel in the coming months. Essential services firms - those in the regulated industries of financial services, energy, telecoms and water - have a particular responsibility at this moment. Specific concerns around higher bills from spending more time at home surfaced repeatedly in our survey. One respondent summed it up their situation as

being worried about having “less money to use for higher energy bills”.

Many firms have contacted customers to reassure them, with specific steps taken for those with prepayment meters. But for those already suffering with anxiety or with memories of negative experiences of engaging with creditors, one email encouraging them to get in touch may not outweigh those fears:

“I daren't phone my mortgage company or secured loan companies in case they can't agree to lower payments.”

How essential services firms approach communications will make a significant difference. Providing options on how customers make contact is crucial. While the majority of respondents appeared content with dealing with their accounts online, one in four (25%) agreed or strongly agreed it was difficult for them to access essential services if they can't leave the house. Half of people experiencing a mental health problem already struggle to contact essential services providers over the telephone. For some, such as the respondent who described themselves as “not too savvy with online services”, ensuring websites and apps are straightforward to use will make it easier for customers to stay in contact. However, online services won't work for everyone:

“Everything seems to be going online, paying bills, banking etc, which is a major stress and source of anxiety. I know it's progress, but there should be a backup plan for those of us who struggle with this.”

With phone and internet communication more critical than ever to people's mental health and finances due to social distancing, ensuring people do not lose out through disconnection due to their health or money shortages is key. On telecoms, previous Money and Mental Health research showed that two thirds (67%) of Research Community members surveyed find it difficult to manage their mobile phone account when unwell, and this rises to 77% for landline and home internet services. With increased pressure on those services while adapting to new regulation in response to the coronavirus, the need for effective communication and awareness among frontline staff will be vital.

Recommendations

The relevant regulators should:

- Monitor the communications and actions of essential service firms, assessing how arrears are dealt with and the information provided to customers on their accounts
- Ensure no customers are disconnected by telecoms providers during the response to the coronavirus
- Set out expectations for how firms should support customers who fall into financial difficulty as a result of coronavirus.

Essential services firms should:

- Offer a variety of communication channels for customers seeking to make contact, whether regarding bills or the provision of services
- Emphasise to staff in direct contact with the public the burden placed on many people's mental health at this time and the need for an understanding approach
- Take steps to ensure the accessibility of their services for people experiencing mental health problems.

Ensuring people can access support with debts

Many respondents to our survey were worried that their financial situation would deteriorate as a result of the response to coronavirus. For some, this worsening would come on top of existing problems with debt. Two in five (42%) of our survey respondents agreed or strongly agreed that they already struggle to keep up with debt repayments.

56% of our survey respondents agreed or strongly agreed that they were worried about creditors chasing them for money. While the behaviour of essential service firms in this regard has been welcome so far, respondents flagged examples of unchanged practices from other creditors:

“I'm being chased by credit card holders, when currently all my finances are concentrated to get me through this extremely tough time.”

Debt advice is therefore likely to be crucial for those struggling to pay bills or repay debts. Already overstretched debt advice services will now have to cope without face-to-face provision - often relied upon by those with the most complex financial or health situations. Significant additional resource will be required in call centres and webchat functions to meet the demand. Ensuring that online and phone support is available and properly funded at this crucial moment should help those

struggling with their mental health and finances to better cope.

Recommendations

The government should:

- Provide grants to debt advice charities to allow them to offer support to more people.

Footnotes

¹ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 389 people.

² Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 383 people.

³ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 160 people.

⁴ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 180 people.

⁵ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 325 people.

⁶ Braverman R, Bond N and Evans K. The benefits assault course. Money and Mental Health Policy Institute. 2019.

⁷ See for instance <https://www.bbc.co.uk/news/uk-52028644>

⁸ <https://committees.parliament.uk/committee/164/work-and-pensions-committee/news/145668/work-and-pensions-committee-questions-secretary-of-state-on-dwp-response-to-coronavirus/>

⁹ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

¹⁰ <https://www.gov.uk/government/news/government-agrees-measures-with-energy-industry-to-support-vulnerable-people-through-covid-19>

¹¹ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 394 people.

¹² Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018.

¹³ Holkar M. Failing to connect: mental health problems and telecoms. Money and Mental Health Policy Institute. 2019.

¹⁴ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 277 people.

¹⁵ Money and Mental Health survey of 568 people with lived experience of mental health problems. Relevant base for this item: 294 people.

¹⁶ See, for instance, Wyman P. Independent Review of the Funding of Debt Advice in England, Wales, Scotland and Northern Ireland. Money Advice Service/Peter Wyman. 2018.