MONEY AND MENTAL HEALTH
POLICY INSTITUTE

THE STATE WE'RE IN

Money and mental health in a time of crisis

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Contents

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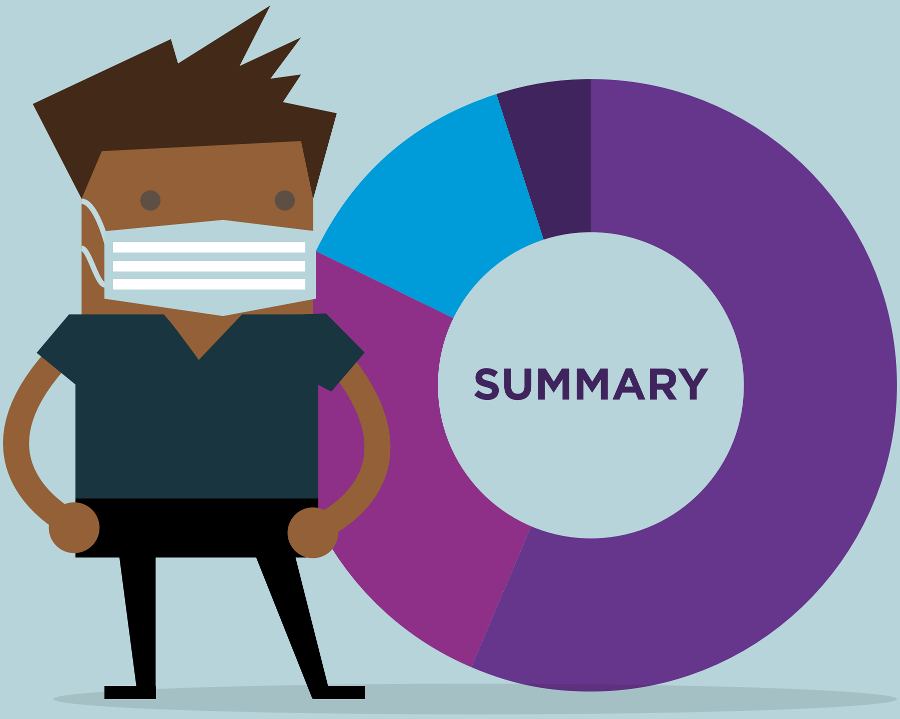

SUMMARY

Executive summary

Understanding the deep links between money and mental health is more important than ever

- Our money and our mental health are intimately connected, often forming a vicious cycle. The strain from financial problems can, over time, lead to mental health problems, while common symptoms of such conditions can make it much harder to manage our money.
- The pandemic has created new challenges on both sides of this equation. Household budgets have been put under pressure by hits to employment and wages, along with rising prices. The transformation of everyday life is likely to have played a role in the national rise in depression and anxiety, which still remains above pre-pandemic levels.
- To understand how people with mental health problems are faring at this crucial juncture, Money and Mental Health commissioned the largest ever survey on these twinned issues. In June and July 2021, 5,001 people with lived experience of a mental health problem and 1,000 people without mental health problems answered a wide-ranging set of questions about their health and finances.
- The results paint a deeply concerning picture, with millions of people behind on payments, struggling with poor health and not receiving the support they need. As the government commits to 'building back better' from the crisis, addressing the severe difficulties – both new and longstanding – that many people with mental health problems are facing will be an acid test of that goal.

Across a range of financial indicators, people with mental health problems are faring worse than others

- Respondents with mental health problems were much more likely to be struggling with debts and payments. A greater share of people with mental health problems are in debt, and those debts are harder to manage: people with mental health problems are nearly twice as likely to owe more than 50% of their annual net income.
- Those struggling the most appear to have been hard hit during the pandemic. More than one in four (28%) people with mental health problems owe more than they did a year ago, and those with the least manageable debts were most likely to have increased what they owe.
- Over the previous 12 months, people with mental health problems were more than twice as likely to have been behind on at least one payment (37% compared to 14% of those without mental health problems). A similar gap is evident among those who had missed three or more payments, with 15% of people with mental health problems in this category, versus 4% of those without mental health problems.
- The impact of poor mental health seems particularly clear when it comes to missed payments. One in three (35%) people with mental health problems cited difficulties managing money – a common consequence of mental health problems – as a key factor in falling behind, compared to one in five (19%) of those without mental health problems.

To improve the circumstances of people with mental health problems, it's vital to recognise the different challenges they face

- These figures provide a worrying though invaluable insight into how the needs of people with mental health problems are not being met, and the worse outcomes that follow. But with millions of people in the UK living with a mental health problem, beneath these headline statistics lies a huge variety of experiences.
- Our analysis of the data reveals five distinct groups among those with mental health problems.
  - Secure (32% of the population with mental health problems) – This group is the most financially resilient, likely to be in work, with a decent income and low debts.
  - Coping (20%) – For most in this group, they are able to keep up with bills but have more difficulty saving for unexpected expenses.
  - Fire-fighting (12%) – High debts are a serious concern for people in this group, who have lower average incomes.
  - Slipping (15%) – People in this group are more likely to experience severe difficulties with their mental health, which contributes to higher-than-average debts and problems making payments on time.
  - Sinking (21%) – This final group is struggling the most financially, being predominantly out of work, dealing with high debts and missed payments, with little or no savings to turn to.
- With one in three respondents in the Secure category, this demonstrates that the toxic link between financial difficulties and mental health problems can be broken. But the varying combinations of difficulties faced by the other groups show that much more needs to be done to help others avoid that cycle.

While support sometimes exists, too often it is inaccessible to people with mental health problems

- A first step towards breaking those links is when people can get the right support, helping them onto a firmer financial footing. But accessing that help can be a challenge in itself. One in three (35%) people with a mental health problem told us they regularly struggle to communicate with essential services firms like banks or energy providers when they are unwell, with three-quarters (76%) finding at least one communication channel, like phone calls, particularly difficult to use or distressing
- A number of schemes were introduced at the start of the pandemic to help those who are struggling with payments. While people with mental health problems have been more likely to avail of these than those without such conditions, only a fraction of people who would have benefited from support received it.
- When people did tell creditors and other organisations about their mental health problem, the response was often disappointing. One in three of those who disclosed a mental health problem to a financial services company or their local authority weren't offered any additional support as a result, representing a huge missed opportunity to disrupt the cycle of money and mental health problems.

The stakes are incredibly high, with strong connections between financial difficulties and suicidal thoughts or attempts

- Previous Money and Mental Health research has shown how devastating the link between financial problems and our health can be, with people in problem debt three times as likely to have thought about suicide in the past year.
- Our survey finds this troubling link persists, with more than half (58%) of those with debts of more than £30,000 having experienced suicidal thoughts or attempted to take their own life in the past year.

Government, employers, essential services firms and the health system need to do more to break the link between money worries and poor mental health

- Given the vast number of people affected by mental health and financial difficulties, and the range of experiences our survey has revealed, there is no single lever to pull to solve the issues identified. But this also means that a range of actors can play their part in helping to break the link between money worries and mental health problems.
- In recognition that people with mental health problems are more likely to have debt problems, mental health service providers should offer training on financial difficulty to staff and make it a routine part of their work to explicitly ask whether the person being supported has money worries.
- Good work can be a route to better mental and financial health. To promote that, the government should pursue mandatory reporting from employers on flexible working requests that are denied and granted. Employers should require all managers to have practical mental health training to tackle the discrimination and ignorance that many people with mental health problems face at all stages of employment, from recruitment and retention through to progression.
- For those receiving benefits, reversing the cut to Universal Credit and raising the rates of legacy benefits would do a great deal to boost the incomes and resilience of people with mental health problems. But the Department for Work and Pensions should also provide more people with bespoke employment support, designed around and tailored to their mental health needs.
- Essential services firms like banks and energy companies should do more to identify people who would benefit from support. Developing clear referral pathways between their services and debt advice, offering realistic repayment plans, freezing interest and charges, and reviewing decisions on debt collection for customers with mental health problems would all reduce the financial and mental harm that can be done in those circumstances.
- Large and unaffordable debts can feel like unsolvable problems, but accessible, free debt advice can be transformative. The Money and Pensions Service should ensure services are designed with the needs of people with mental health problems in mind, so more people can engage with services and chart a route to better financial health.
- Debt advice can also be made more effective by presenting it to people. NHS bodies can play a vital role in this, by commissioning services to offer debt and money advice services in local mental health settings.


MONEY
HEALTH

Introduction

Money and Mental Health was created in 2016 with the aim of better understanding the harmful connections between mental health problems and financial difficulties, in order to break those links. To do that, we assembled evidence from national datasets and spoke to experts in a range of sectors. But the biggest and most important step we took was to establish our Research Community. While this group of thousands of people with lived experience of mental health problems have since contributed to dozens of surveys across the breadth of our work, the very first one we asked them to complete was fundamental to everything we've done since.

Our launch report, Money on your mind, was based on that initial survey, which was completed by nearly 5,500 people.[1] The participants helped us establish how damaging money worries can be to our mental health but also how symptoms of mental health problems can make it so much harder to stay on top of your finances and to ask for support when needed.

Five years on, it's an understatement to say that lots of things have changed. That stretches from society-wide events, like the Covid-19 pandemic and Brexit, to the rise of new credit products like 'buy now, pay later', to shifts in the social security system, with millions more of us now on Universal Credit, right through to ongoing transformations in the NHS. Encouragingly, there is also growing awareness of the importance of good mental health, from employers and in policy-making. But the experiences we hear every week from our Research Community make clear that there is still so much more to be done to break that vicious cycle of money and mental health problems, with new challenges emerging all the time.

This survey

To capture the reality of life with a mental health problem today, and how it intertwines with our finances, we launched a major polling exercise in the summer of 2021. We commissioned Opinium to ask 5,001 people who had experienced mental health problems about their lives, the largest ever representative study of our money and mental health. To put these findings in a wider context, Opinium also surveyed 1,000 people who have never had mental health problems.[2]

This report sets out the key results from this landmark piece of research. As with all our work, we also draw heavily on the experiences of our Research Community. Quotes from Community members are featured throughout the report and were collected through an additional survey in July 2021, which 282 people completed, and a focus group with nine participants. The combination of this large polling exercise and the insights of hundreds of people directly affected by these issues gives us an incredible insight into some of the most important issues and inequalities in the UK today. As the government, regulators, firms and employers seek to build back better from Covid-19, the evidence we present here reveals a range of urgent challenges that need tackling, in order to deliver a country that really works for people with mental health problems, and breaks that link between poor mental health and bad financial outcomes.

1. Holkar M and Mackenzie P. Money on your mind. Money and Mental Health. 2016.
2. For further details on the polling, see the methodological annex published alongside this report.

This report

This report is divided into two parts:

- **Part one** explores the challenges that people with mental health problems face, focusing particularly on issues that appear more pressing for those with such conditions.
- **Part two** turns to what needs to be done to address those challenges, evaluating gaps in current support, how people's needs vary and the priority areas where action is needed.

Box 1: Key information on data and definitions

- The survey was conducted online. While this offers a number of advantages to participants over phone surveys, including the chance to read questions repeatedly, this does mean that people who struggle to use the internet are unlikely to have completed the survey. Digital literacy and access remains an important issue across society, and this should be borne in mind particularly with regard to findings on use of different communication channels.
- As with most Money and Mental Health research, the question we use to ascertain whether or not a person has a mental health problem is by asking "Have you ever experienced a mental health problem?" Beyond this, we also asked participants whether they had been diagnosed with a specific condition and if so which one(s). Our ambition in carrying out the survey was that it would provide an insight into the population with mental health problems, recognising both their diversity and shared challenges. While we do not consider our results to be the definitive clinical picture of people with mental health problems in the UK – more technical questionnaires run by NHS Digital are better equipped to do this – they shine a light on the traits of this population.

Further methodological information is provided in a methodological annex available on our website, moneyandmentalhealth.org/publications/the-state-were-in, as well as at relevant points in this report.

Part one

The challenges faced by people with mental health problems


CREDIT CARD

Section one: Mental health and living standards

The relationship between our finances and our mental health is a complex one, which can vary over our lives. As such, before we explore these interactions, it is important to first understand the health histories of our respondents. For most of our survey respondents with a mental health problem, their condition was an established and ongoing part of their lives. Two-thirds (66%) told us that they had experienced symptoms of a mental health problem within the last 12 months, with three-quarters (76%) saying they had first developed a mental health problem more than a year ago.

But as other surveys have shown,[3] there has been a significant rise in the number of people dealing with poor mental health since the onset of the pandemic, partly reflected by the one in four (24%) respondents who experienced a mental health problem for the first time in the last 12 months. While this group do not appear hugely different from those who have had mental health problems for more than a year, men and those who had been furloughed were more likely to fall into this category. These characteristics may be a factor to consider for those in government and the NHS tasked with tackling the backlog of people experiencing symptoms of mental health problems but not seeking medical support.[4]

1.1 How mental health affects our employment and income

Health problems often translate into differences in employment. As found in previous research,[5] juggling mental health problems with work can require trade-offs or place limits on the amount of work a person can do.

> "I can't work full time due to my mental health issues, so I can't earn as much as I would like. Career progression is also challenging due to lack of part time jobs at a senior level. I also get nervous about changing jobs."

Expert by experience

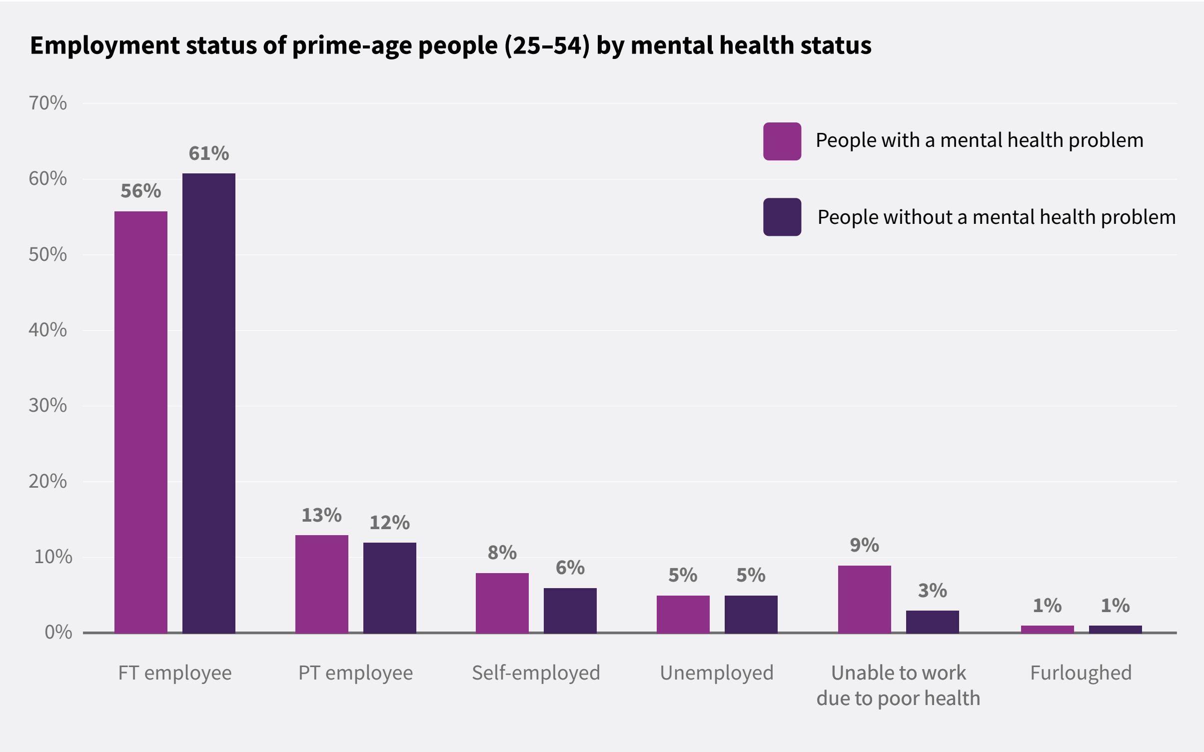
Figure 1, looking at the employment status of people aged 25-54, reflects these differences.

Respondents with mental health problems are less likely to be full-time employees and more likely to be unable to work due to poor health. These differences are smaller than other labour market surveys typically find,[6] which may suggest that respondents to our polling are better positioned when it comes to work.

That story, however, is somewhat complicated by our findings on social security payments. Approaching half (45%) of people with mental health problems receive some kind of benefit payment, including Universal Credit (15%), Employment and Support Allowance (13%) and Housing Benefit (11%), approximately twice the proportion among those without such conditions (7%, 6% and 5% respectively). The largest difference was unsurprisingly on disability benefits, with 13% of people with mental health problems receiving a payment connected to their health, compared to 5% of those without mental health problems.

3. Office for National Statistics (ONS). Coronavirus and depression in adults in Great Britain. October 2021.
4. ONS. Coronavirus and GP diagnosed depression in England: 2020. May 2021.
5. For further discussion see Bond N and D'Arcy C. Mind the income gap. Money and Mental Health. 2020.
6. Ibid.

Figure 1: People with mental health problems are more likely to work part-time or be out of work due to poor health



Notes: Excluding "don't know". The chart displays working patterns for those aged 25-54 as this is considered to be the age range in which people are most likely to be in work, with lower likelihoods of being in full-time education or retirement.
Source: Money and Mental Health analysis of online polling conducted by Opinium. 5,001 people with mental health problems, weighted to be nationally representative of those who have experienced a mental health problem, and 1,000 people without mental health problems were surveyed between 25 June and 22 July 2021. For further information and bases for individual questions, see the methodology annex published alongside this report, at www.moneyandmentalhealth.org/the-state-were-in.

Taken together, this may suggest that the headline employment picture painted in Figure 1 conceals differences in pay levels and hours worked, with shorter hours and low-wage jobs particularly common among people with mental health problems.[7]

Employment and benefits are the two main contributors to incomes, and our survey suggests that people with mental health problems are a little more likely to be receiving lower incomes. Nearly one in three (32%) people with mental health problems said their monthly net individual income was £1,000 or less, with closer to one in four (26%) people without mental health problems in the same position.[8]

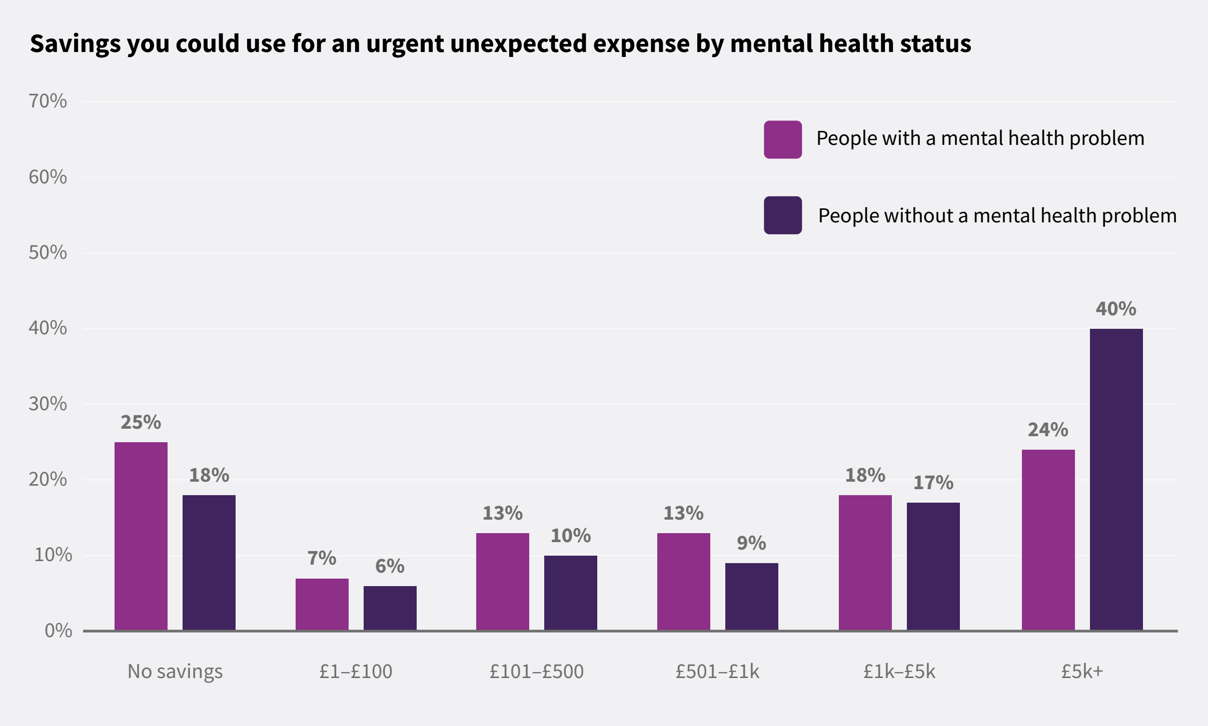
7. Ibid
8. These income differences, while meaningful, are smaller than those previously identified by the Mental Health and Income Commission (MHIC), convened by Money and Mental Health. A number of factors are likely to contribute to this, including the point in time at which the surveys were conducted (2014 for the MHIC vs. 2021 in this analysis) as well as the measure (gross annual income vs. net monthly income).

1.2 People with mental health problems have less savings

How much money comes into a household is a crucial determinant of living standards and financial wellbeing. But our survey reveals a gap in outcomes – how income translates into savings and assets that offer us security and options, and help us avoid costly debt – that is wider than the differences in employment and benefits would suggest for people with mental health problems.[9]

Turning first to savings, worrying differences are visible both at the top and bottom of the distribution. Figure 2 shows that one in four (25%) of people with mental health problems have no savings that they could use for an urgent or emergency expense. That is significantly higher than the proportion among those without mental health problems, at 18%. Regardless of mental health problems, this is a concerning finding, that such a significant minority of the population have nothing to fall back on and little margin for error or deviations in their weekly spending.

Figure 2: People with mental health problems are more likely to have no savings



Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

9. A number of factors may be involved in this, some of which we did not explore in our survey, such as family size and earnings of other members of the household.

Unfortunately, many of those who do have some savings do not have a significant buffer, with 20% of those with mental health problems saying they have £500 or less that they could use in an emergency, compared to 16% of those without a mental health problem.

This picture matches well with how people describe their ability to save. Approaching half (46%) of people with a mental health problem agreed with the statement that "I can't afford to regularly save money", with just one in three (33%) disagreeing. Among people without mental health problems, this situation was almost exactly reversed, with 33% agreeing that they can't afford to regularly save and 44% disagreeing.

1.3 Lower savings translate into lower homeownership rates for people with mental health problems

At the upper end of the savings scale, as Figure 2 shows, 40% of those without a mental health problem have £5,000 or more in savings, compared to 24% of those with a mental health problem. Large savings like this offer more comfort but may be particularly relevant when it comes to housing. While good quality, secure rented accommodation can be ideal for many people, homeownership remains the preference of a majority of renters in the UK.[10]

People with mental health problems are more likely than those without mental health problems to live in rented accommodation – whether private or social – (35% versus 25%). About two-thirds of people without mental health problems own their own home, either with a mortgage (35%) or outright (32%), compared to closer to half of people with mental health problems (29% and 20% respectively).

While older people are more likely to own their own home than younger people regardless of their mental health, it does not appear to be the case that people with mental health problems simply take longer to buy a home. Three in ten (29%) of those aged 55-64 who have a mental health problem rent their home, compared to two in ten (20%) of those in the same age range without a mental health problem. The persistence of this difference and the higher average cost and lower average quality of the private rented sector[11] means that people with mental health problems will, on average, face more insecurity and higher housing costs in later life.

10. See for instance https://blog.shelter.org.uk/2012/11/guest-blog-generation-rent-still-want-to-buy/
11. See for instance https://www.health.org.uk/publications/long-reads/better-housing-is-crucial-for-our-health-and-the-covid-19-recovery

Section one summary

- Respondents to our survey have a range of mental health problems and experiences. While most had longstanding mental health problems, one in four told us they had faced a mental health problem for the first time in the previous year.
- Despite notable but relatively small differences on employment and income, people with mental health problems have less to turn to in savings. One in four (25%) of people with mental health problems have no funds they could use for an emergency expense, with 46% saying they can't afford to regularly save money.
- That insecurity extends through to housing, with people with mental health problems being more likely to live in rented accommodation (35% versus 25% of those without mental health problems), with that gap nearly as large for people in their fifties and sixties as for younger age groups.


DEBT

Section two: Debt and its impact

2.1 People with mental health problems are more indebted

Having established that people with mental health problems are in a tighter financial position due to lower incomes and savings, we next turn to what is often an unavoidable option for those who are struggling: taking on debt. Debts are not an inherent cause for concern; people borrow money for a range of reasons and to differing extents, which we explore in detail in Section Three. But looking at overall amounts owed and how manageable debts are, our findings suggest that people with mental health problems face greater challenges, being both more likely to be in debt and for larger amounts.

Six in ten (60%) people with mental health problems had at least some debt, compared to 42% of those without mental health problems. Only one in three people with mental health problems had no debt at all (34%), compared to half of those without such conditions (50%).[12] Among those who have any debts, people without mental health problems are a little more likely to have smaller debts. Approaching half (47%) have debts of £2,000 or less while for people with mental health problems, the corresponding figure is 40%. And though the overall number of people with particularly high debts is comparatively low, 12% of people with mental health problems owe £20,000 or more, as do 9% of people without such conditions.

2.2 The debts of people with mental health problems look harder to manage

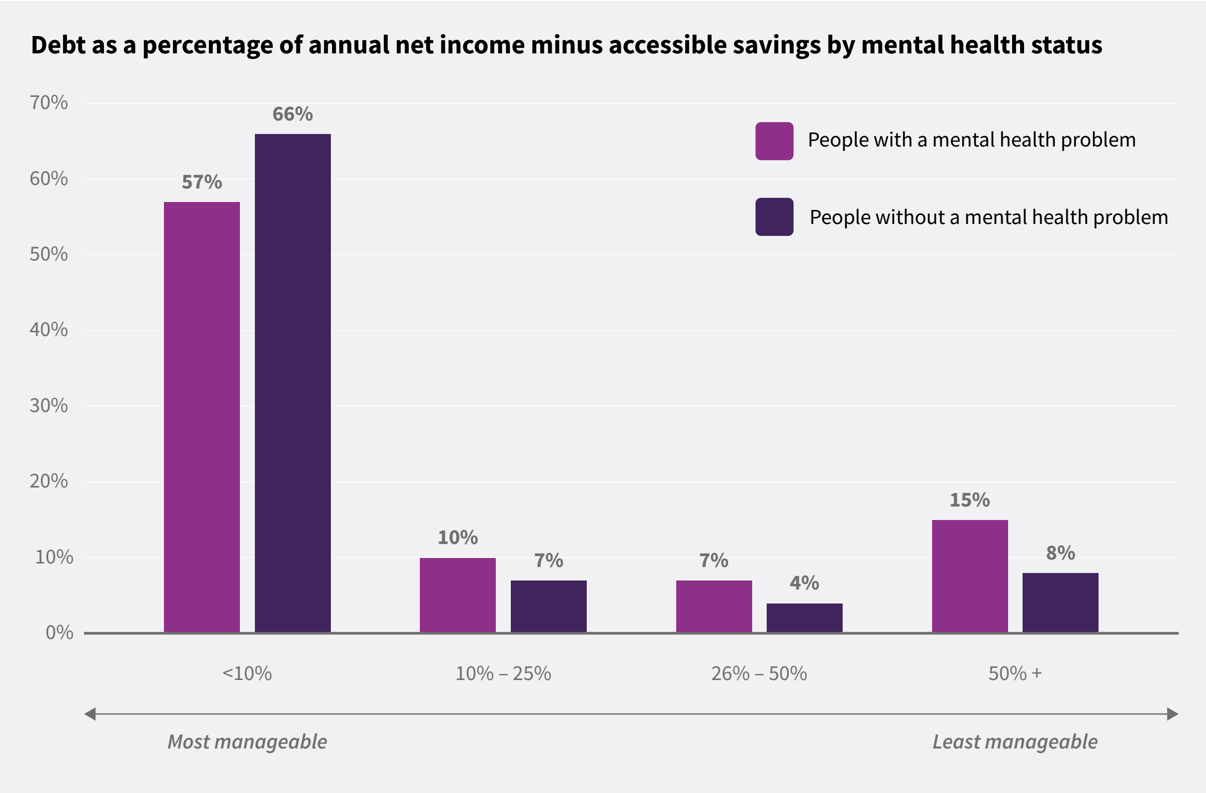
Looking solely at the amount of debt a person holds does not give us a rounded picture of their financial position, however. For a high-earning individual, a large debt may be manageable relative to their salary. To explore this, we produce a debt-to-income percentage for each person in the survey who provided both their annual net income and their total debt.[13]

This analysis shows that the largest share of respondents, regardless of mental health, are in the lowest or most manageable category, in which their total debts are equal to a maximum of 10% of their net income. But it also shows that people with mental health problems are more likely than the rest of the population to hold debts that appear much harder to manage. The share (15%) of people with mental health problems who have debts equivalent to 50% or more of their net annual income is nearly twice that of people without mental health problems (8%).

> "I owe more than I could possibly earn and hope to ever pay back."
>
> *Expert by experience*

12. Percentages do not sum to 100% due to respondents answering "don't know" or "prefer not to say".
13. See notes to Figure 3.

Figure 3: The debts of people with mental health problems are harder to manage



Notes: Debt to income percentages are calculated by choosing the mid-point of the provided range e.g. £750 for those in the range of £500-£1,000. For the highest values – £51,001 or more in debt and £6,001 or more for income – we used 'mid-points' of £75,000 and £5,500 respectively, with sensitivity testing suggesting other values had little impact on the overall picture. Totals do not sum to 100%, with some respondents not providing information for one or both of the income and debt questions.

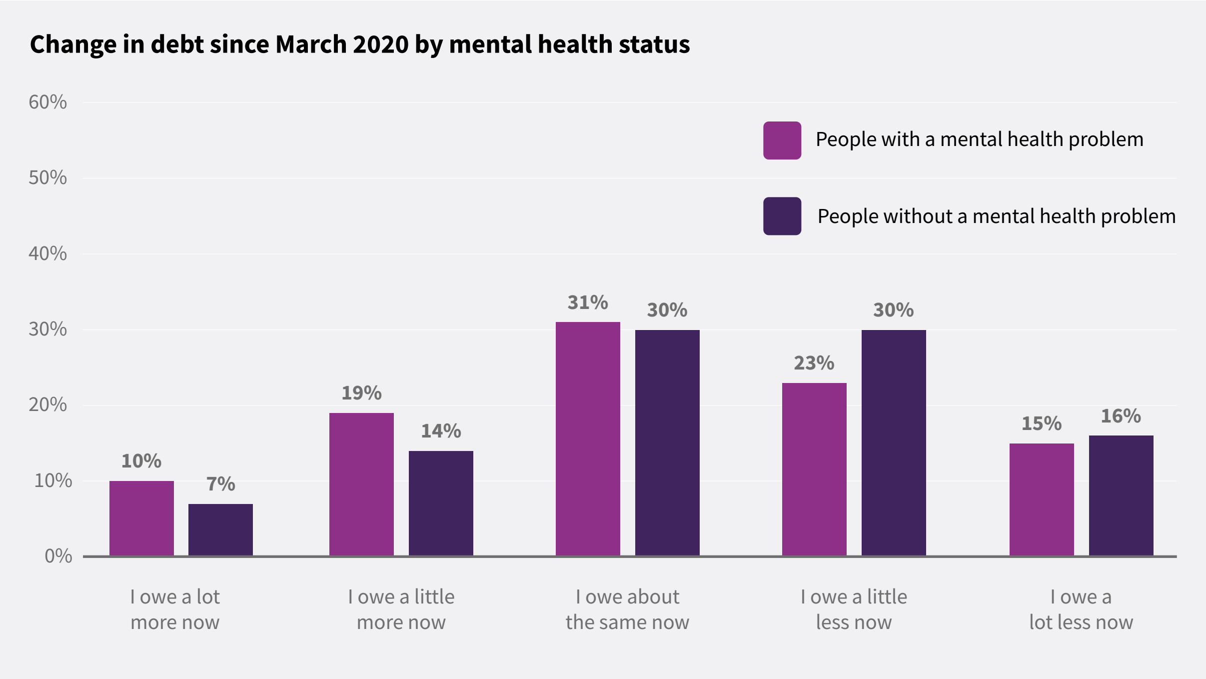
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

2.3 Those struggling with debt were most likely to have become more indebted during the pandemic

Another key factor in determining whether or not debts are a cause for concern is if they are growing or shrinking. The year and a half or so immediately prior to our survey covered the Covid-19 pandemic. While some people faced pressures likely to increase their debts, for instance being furloughed or losing their job, for others reduced costs from spending less on travel and other 'in-person' services may have made it easier to pay down debts.

Figure 4 shows that, for most people, their debts had fallen or stayed about the same since March 2020. Nonetheless, the marked difference we have identified between people with and without mental health problems persists here. Among people with mental health problems, 28% said they owe a little or a lot more since the onset of the pandemic, versus 21% of those without such conditions.

Figure 4: People with mental health problems are more likely than the rest of the population to have increased their debts during the pandemic



Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

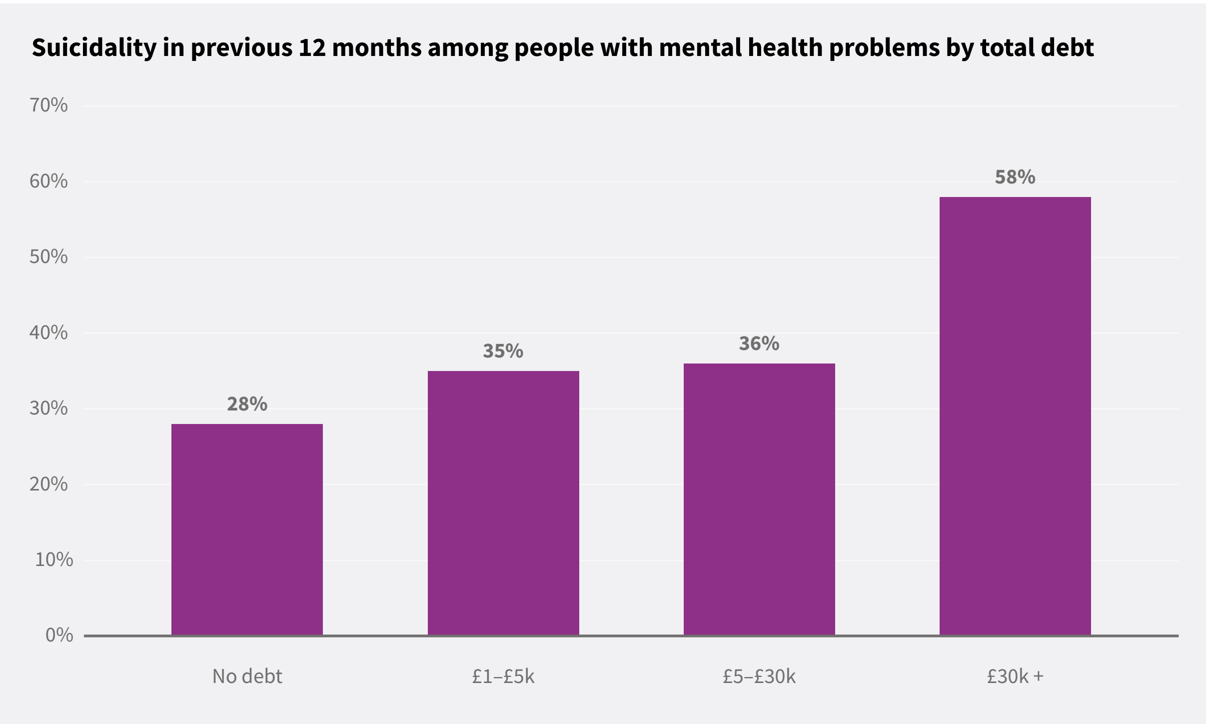
Of greatest concern is that those with the least manageable debts were most likely to have increased what they owe. Among those with mental health problems who had debt to income percentages of 50% or over, more than one in three (37%) owe more now than pre-pandemic, compared to just 25% of those with debt to income percentages of 10% or less.

> “Only managing to pay the minimum [repayment] each month. Making no impact on overall outstanding. Paralysing and demoralising. Would my daughter be financially better off with me alive or dead?”
>
> *Expert by experience*

2.4 Debts and suicidality

From a financial point of view, free debt advice can help people find a solution and agree a plan with creditors. But previous Money and Mental Health research has shown how much pressure can come with large debts.[14] Our analysis finds that those who have the highest debts were most likely to have had suicidal thoughts or attempted to take their own life in the past year. More than half (58%) of those with debts of more than £30,000 had been suicidal in the previous year. Figure 5 shows this is significantly higher than those with lower but still substantial debts.

Figure 5: Those with the highest debts were most likely to have been suicidal



Notes: Base is only those with mental health problems. “Suicidality” is defined here as respondents who reported that they had had suicidal thoughts or attempted to take their own life, within the previous 12 months.
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

14. Bond N and Holkar M. Help along the way. Money and Mental Health. 2020.

As we will explore in more detail later in this report, this picture – and the high prevalence of mental health problems among those who are in debt – means that accessible, free debt advice is likely to be more important than ever in the months and years ahead.[15]

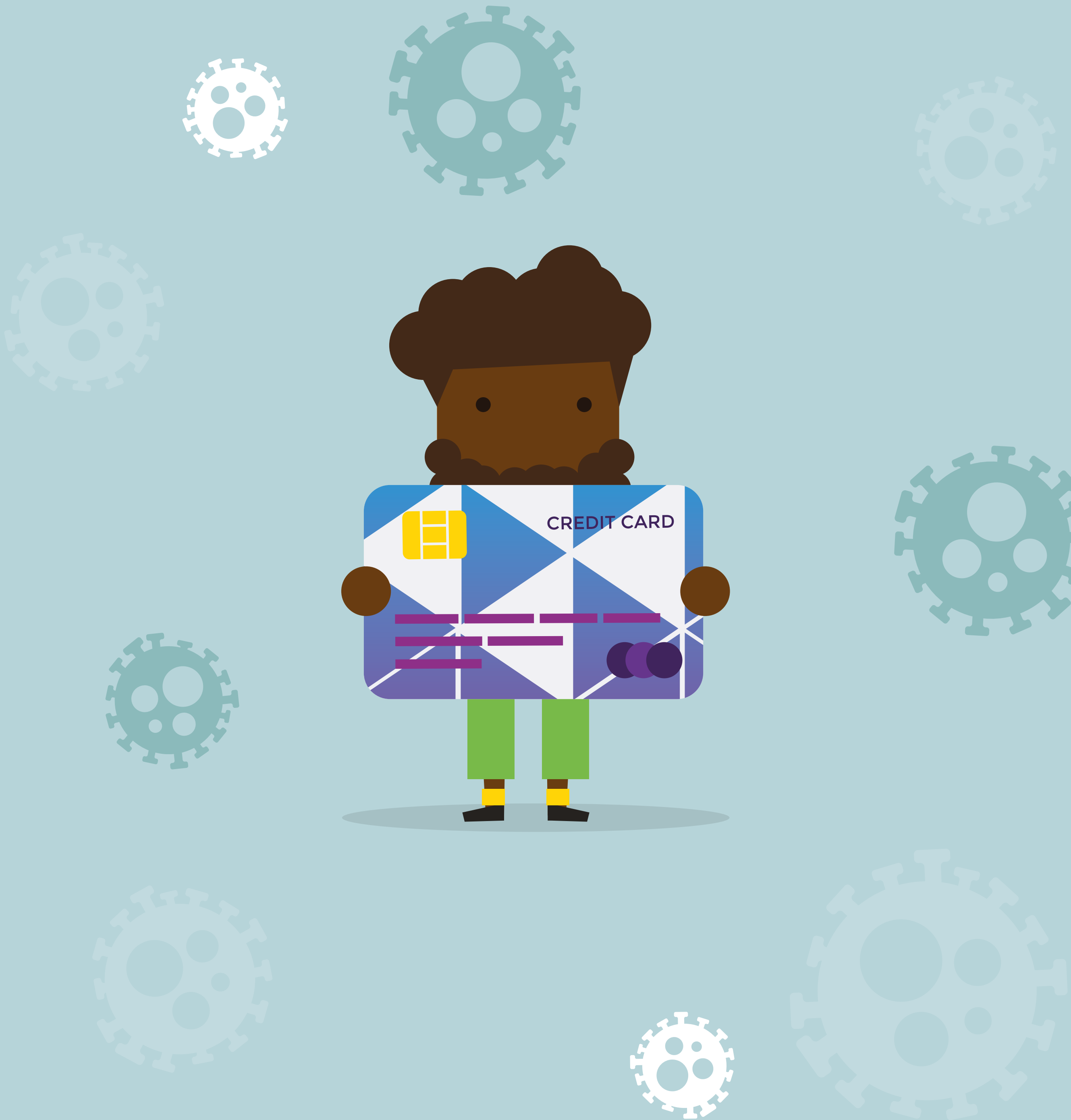
"My financial situation was a direct contributor to my two suicide attempts. I could see no other way out. It was only after I discovered and spoke to StepChange that I saw some light at the end of the tunnel."

Expert by experience

Section two summary

- Some of the starkest differences in financial outcomes between those with and without mental health problems relate to debt.
- 60% of people with mental health problems are in debt, as opposed to 42% of those without mental health problems.
- Those debts are also harder to manage, with people with mental health problems being nearly twice as likely to owe more than 50% of their annual net income.
- The past year has presented challenges for many people with mental health problems. More than one in four (28%) owe more than they did a year ago and those with the least manageable debts were most likely to have increased what they owe.
- Struggling with debt can have a huge toll on a person's mental health, with 58% of those with debts of more than £30,000 having experienced suicidal thoughts or attempted to take their own life in the past year.

15. Bond N and Holkar M. Help along the way. Money and Mental Health. 2020.


CREDIT CARD

Section three: Credit use during the pandemic

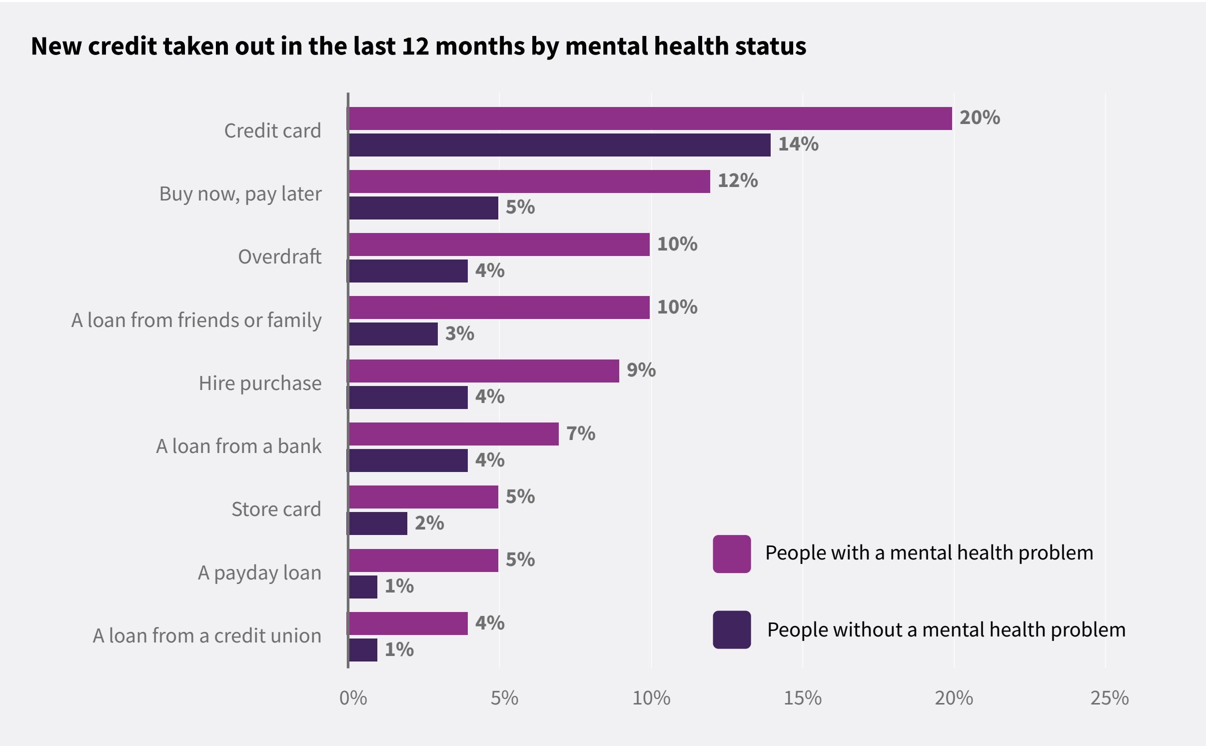
People with mental health problems are more likely to be in debt and for that debt to be less manageable. The reasons why we borrow and how much it costs, however, vary widely. Some borrowing can be for positive reasons, allowing people to have a holiday or improve their home, with affordable repayments. But for others, credit acts as a last resort, enabling them to pay for essential purchases they would otherwise be unable to afford and at sometimes eye-watering interest rates. In this section, we focus on the pandemic period, exploring people's use of credit over the previous 12 months, exploring why they borrowed and how that interacted with their mental health.

3.1 People with mental health problems are more likely to have taken out new credit in the last year

In line with our findings on debt, people with mental health problems were more likely to have taken out new credit in the previous 12 months. Overall, 48% of people with mental health problems said they had taken out any form of new credit in the past year, compared to 27% of people without mental health problems.

Among those who had taken out new credit, this came in a variety of forms. The most popular form of new borrowing was through credit cards, with one in five (20%) people with mental health problems taking out new credit in this way, as Figure 6 shows. This was also the most common form of new credit used by people without mental health problems.

Figure 6: People with mental health problems were more likely to take out new credit during the pandemic



Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

More notable differences emerge on other products and options. People with mental health problems were twice as likely to have used a buy now, pay later product (12% versus 5% of people without mental health problems) or an overdraft (10% versus 4%). Overdrafts are classed by the FCA as 'high-cost credit',[16] along with other products including payday loans and store cards. We find that people using at least one form of these high-cost credit products were more likely to have had suicidal thoughts or attempted suicide in the past year. In total, 45% of those who had used such products had experienced suicidality, compared to 38% of those who had used lower-cost credit like bank loans or credit cards, and 27% of those who hadn't taken out any new credit.

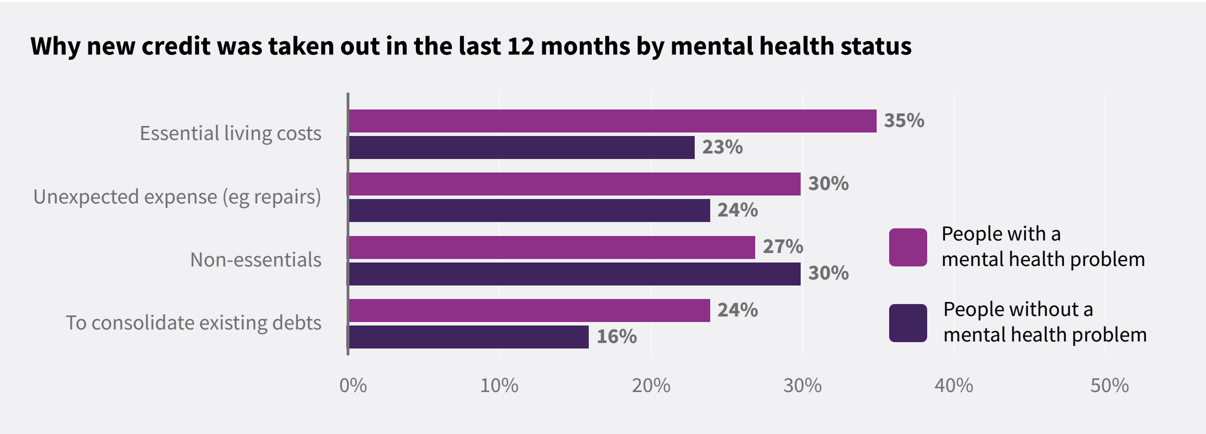
"[I] have a poor credit score through not paying bills on-time [as a result of] having a mental health issue. That impacts so negatively on any type of credit that I have tried to get."

Expert by experience

3.2 People with mental health problems are more likely to borrow for essentials

As with debt in general, new credit is not always a cause for concern. But as the correlation between higher-cost credit and suicidality suggests, people who are struggling the most, financially and mentally, may be more likely to avail of these products out of necessity and ease of access. Our survey finds that people with mental health problems are more likely to have borrowed to pay for vital daily expenses. Figure 7 shows that one in three (35%) in this group were doing so to pay for essentials like food or heating.

Figure 7: People with mental health problems are more likely to have taken out new credit to pay for essentials



Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

16. https://www.fca.org.uk/firms/high-cost-credit-consumer-credit/high-cost-credit-review

People without mental health problems, on the other hand, were most likely (30%) to have borrowed to pay for non-essentials, such as a holiday or home improvements.

While our survey captures respondents at a moment in time, we also explored whether turning to credit for essentials was a regular occurrence for people. People with mental health problems were more than twice as likely to say they often need to borrow money or use credit to pay for everyday outgoings than people without mental health problems (26% versus 11%).

This group also appeared to be particularly struggling mentally in the previous year. Approaching half (46%) of people with mental health problems who said they often need to use credit for everyday spending had had suicidal thoughts or attempted to take their own life in the past 12 months.

3.3 Poor mental health affected people's ability to weigh up their credit decision

The issues identified in Section One – lower incomes and savings – can straightforwardly drive people with mental health problems greater need for credit. But past Money and Mental Health research has examined how symptoms of mental health problems can influence whether or not we borrow.

> "When I was off my medication for mental health issues I started to spend big time like getting a £2,000 loan, then applying for another 4 credit cards which was stupid of me but I really wasn't thinking at the time."
>
> *Expert by experience*

One in five (21%) people with mental health problems said that during a period of poor mental health, they often or always took out credit that they otherwise wouldn't have. Some of this is likely to be due to increased costs or spending, but our research suggests a significant portion may be due to impaired decision-making as a result of poor mental health.

While the majority of people said their mental health did not affect them when applying for credit, three in ten (31%) said their symptoms meant they struggled to understand a part of the process. Difficulties people experienced included problems weighing the advantages and disadvantages of the product or understanding key terms and conditions like repayment details. This direct effect of mental health problems may raise the odds that people struggle to keep up with repayments, the topic of the next section.

Section three summary

- Nearly half (48%) of people with experience of a mental health problem had taken out credit in the previous 12 months, compared to just over a quarter (27%) of those without such conditions.
- The reasons people with mental health problems took out credit were also a cause for concern, with more than one in three (35%) people doing so for everyday essential spending.
- People with mental health problems were more than twice as likely to say they often need to borrow money or use credit to pay for everyday outgoings than people without mental health problems (26% versus 11%).
- While the majority of people said their mental health did not affect them when applying for credit, three in ten (31%) said their symptoms meant they struggled to understand a part of the process. One in five (21%) of people with mental health problems said that during a period of poor mental health, they often or always took out credit that they otherwise wouldn't have.


ACCOUNT
SUSPENDED
PAY
NOW
FINAL
WARNING
OVERDUE

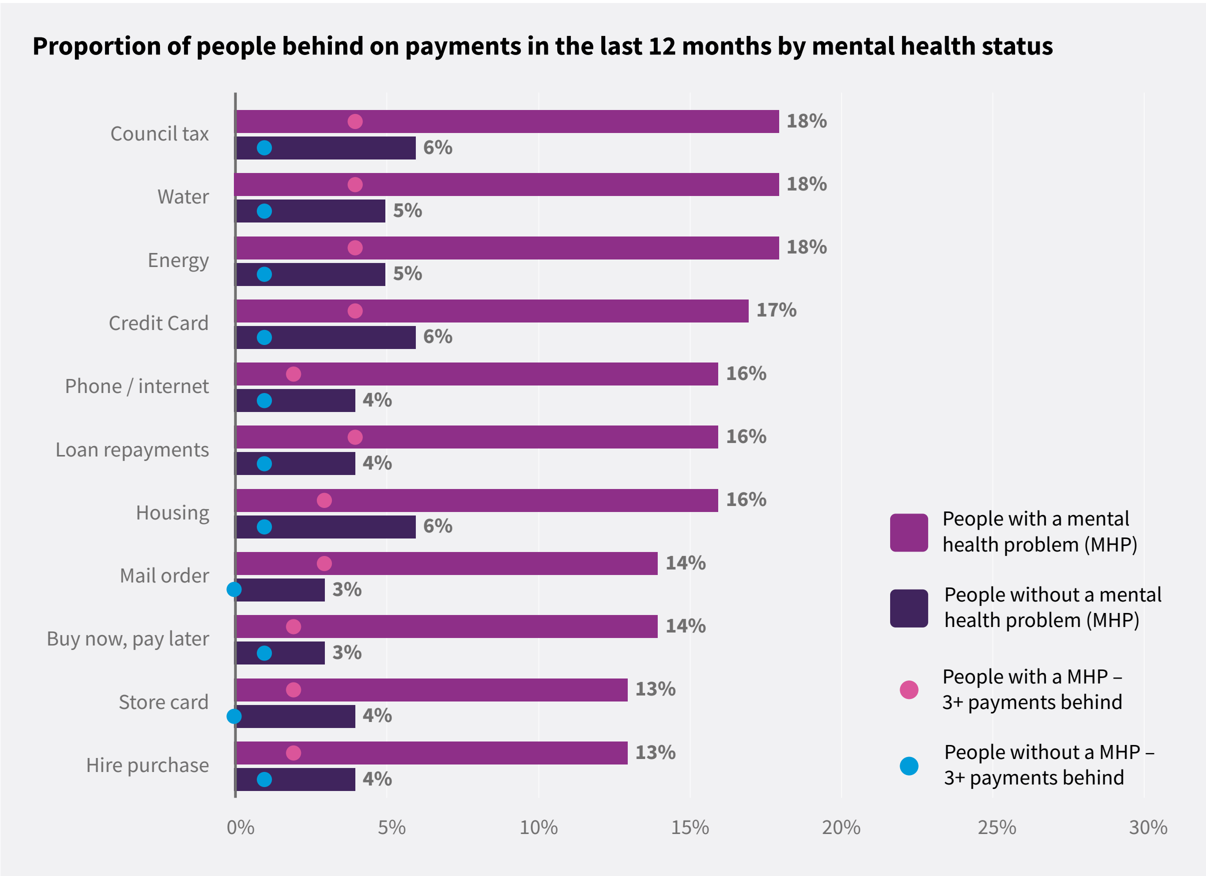
Section four: Falling behind on key payments

Coping with hard-to-manage debts and regularly turning to credit for essentials are clear signs that many people with mental health problems are struggling financially. These struggles can become particularly acute when payments – whether repayments on debt, other bills or taxes – are missed. In practical terms, it can lead to additional costs and charges and, in some instances, demands for complete payment or the threat of bailiffs. From a mental health perspective, being in this position can bring a heavy burden.

4.1 People with mental health problems are three times more likely to have missed a range of payments in the past year

Overall, people with mental health problems were more than twice as likely to have been behind on a payment in the last year than the rest of the population (37% compared to 14%). But digging into specific payments, as shown in Figure 8, the gap appears even wider.

Figure 8: Across a range of payments, people with mental health problems were more likely to have fallen behind



Notes: Those in the 'behind' category include those who were three or more payments behind.
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

Across a range of payments, including council tax, water and energy, the proportion of people with mental health problems who were behind on payments was at least three times higher than for those without (18% compared to 5-6%).

Figure 8 also shows the proportion of each group that has fallen three or more payments behind in the past 12 months, a commonly used definition of problem debt. Overall, 15% of people with a mental health problem had missed three or more payments on at least one bill, compared to 4% of people without such conditions. Once again, council tax, water, energy and credit cards were the most common payments people with mental health problems struggled to meet, with 4% three or more payments behind on each.

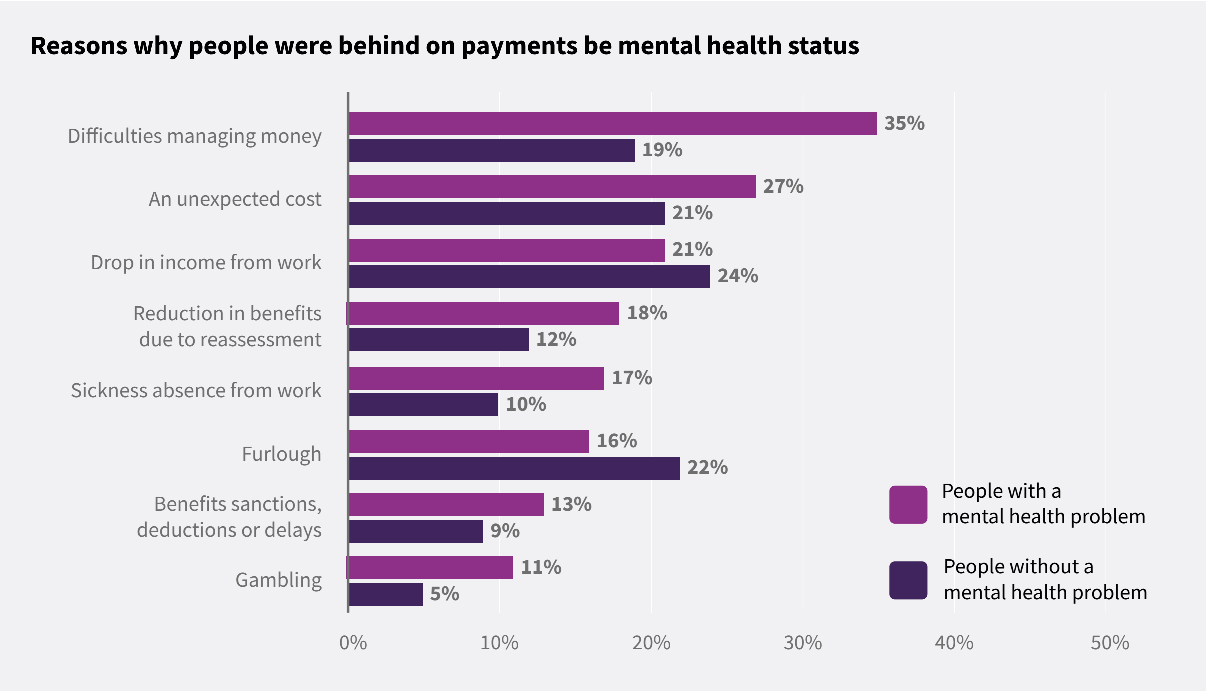
"I've fallen behind on payments during the pandemic and now struggling to get back up to date. I'm literally scrimping and scraping to get by, I work full time but it doesn't touch my account for more than a day! I feel as though I'm stuck and can't get out."

Expert by experience

4.2 Changes in income and spending, and poor health all contribute to missed payments

A range of factors appear to be driving this pattern. Figure 9 shows that one in three (35%) people with mental health problems cited difficulties managing money – a common consequence of mental health problems – as a key factor in falling behind, compared to one in five (19%) of those without mental health problems.

Figure 9: A wide range of problems can lead to falling behind on payments



Notes: Base is those who were behind on payments. Multiple responses were accepted.
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

Our survey also asked whether, during a period of poor mental health, people had put off paying bills that were due. One in five (22%) said they always or often did this, with a further 21% responding they sometimes did.

But Figure 9 also highlights how money troubles were a major reason why people missed payments. For many, this came from a hit to income, whether from changes to their employment or benefits.

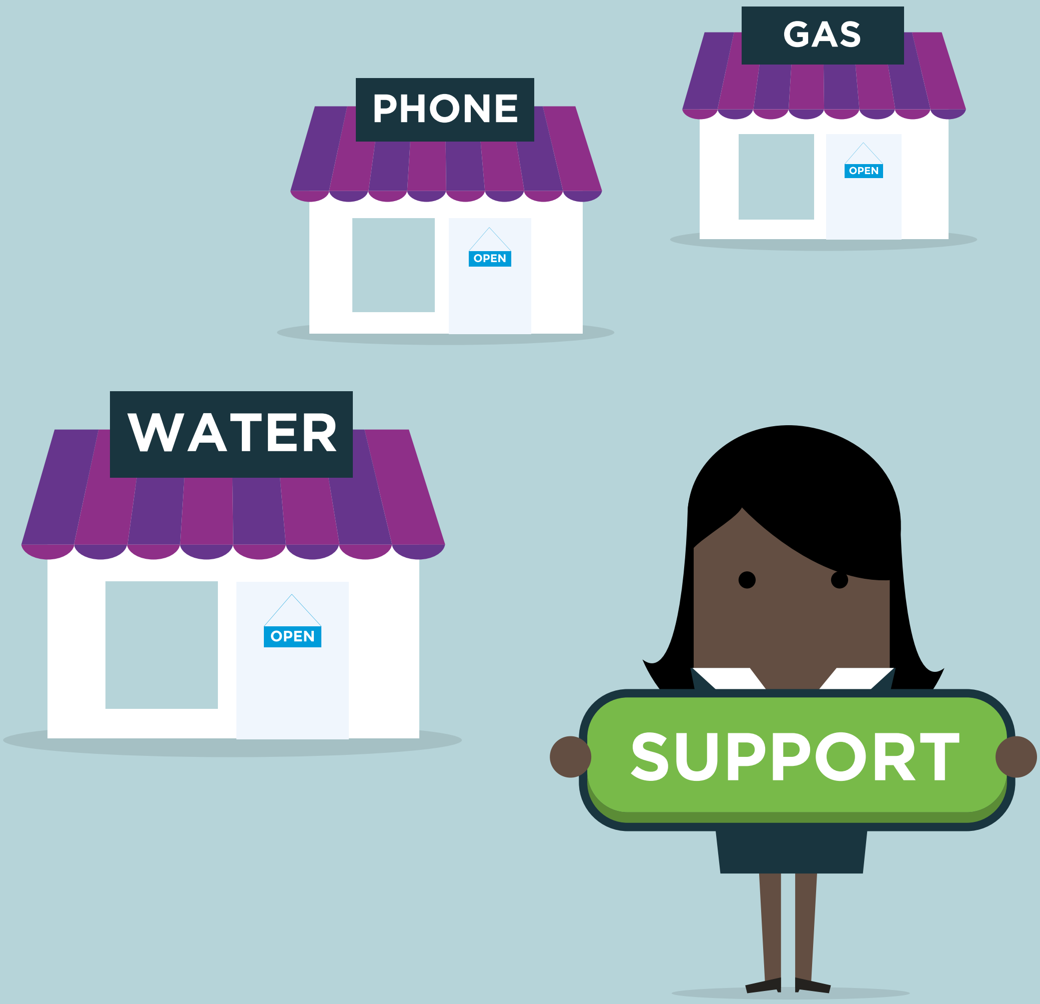
An unexpected cost was another source of difficulty, with 27% of people with a mental health problem giving it as a reason why they were behind on a payment, underlining the importance of savings or affordable credit.

Section four summary

- People with mental health problems were more than twice as likely to have been behind on a payment than the rest of the population (37% compared to 14%).
- Among those struggling most – those who have been three or more payments behind in the past 12 months – people with mental health problems are again overrepresented, with 15% falling into this category, compared to 4% of those without mental health problems.
- The impact of poor mental health seems particularly clear when it comes to missing payments. One in three (35%) cited difficulties managing money – a common consequence of mental health problems – as a key factor in falling behind.

Part two

Meeting the needs of people with mental health problems


GAS
OPEN
PHONE
OPEN
WATER
OPEN
SUPPORT

Section five: The role of essential services

Part One of this report mapped how, from incomes to savings to debt, mental health problems can make it harder to attain a strong financial position, or to recover when debts mount and payments are missed. In Part Two, we turn to what can be done to better support people with mental health problems who are experiencing these difficulties. We are not starting from a blank slate: organisations across a range of sectors already offer help to those who are struggling, whether with money problems, their mental health or, less commonly, both. But the accessibility and effectiveness of this support has been a recurring issue raised by our Research Community, pointing to squandered opportunities to have a major positive impact.

Part Two begins by exploring the findings in our survey related to help from two important sources, essential services providers, like banks and energy companies, and health and social care services, including those focused on mental health. Across these sectors, we find evidence of help being provided, particularly during the pandemic, but also of massive unmet need.

5.1 Access to support during the pandemic

In the previous section, we discussed how many people had fallen behind on payments. This occurred despite joined-up efforts across a number of industries to protect those who were at risk of struggling, for instance through payment holidays and halting disconnections and evictions.

Our survey finds that people with mental health problems were more likely to access such forbearance measures than those without such conditions.

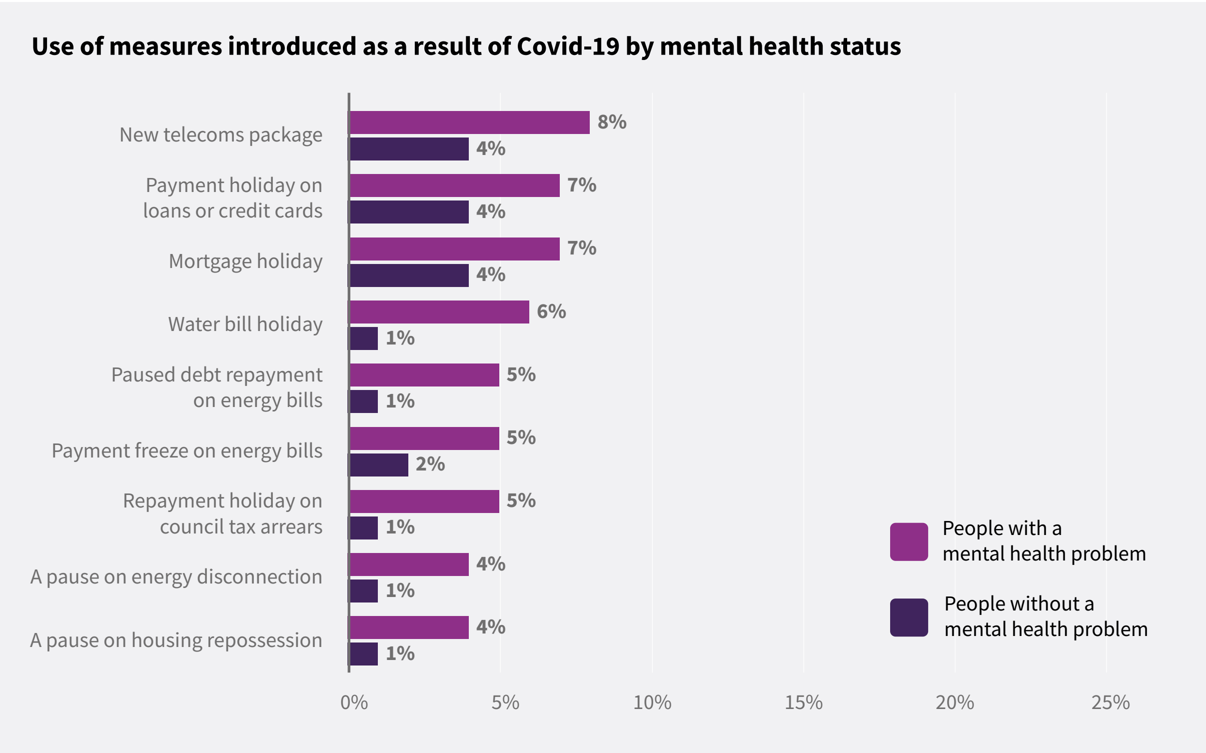
One in three (32%) people with mental health problems had used at least one of the measures listed in Figure 10, as opposed to just 13% of those without a mental health problem. This is both in line with what would be hoped for, given the greater financial distress people with mental health problems are experiencing, but also encouraging, as seeking help with money worries is harder to do when your mental health is poor.

Nonetheless, comparing Figure 10 with Figure 9, it is clear that only a fraction of people who would have benefited from support received it. For instance, while other options may have been available, payment holidays on credit cards were one of the primary forms of support offered to those who were struggling with payments. But, despite 17% of people with mental health problems having missed at least one payment on their credit card, only 7% reported having used a credit card payment holiday. This chimes with previous Money and Mental Health research in collaboration with NatCen. A number of focus group participants reported that they had not been contacted by firms, particularly utility companies, about the options available to them if they were experiencing financial difficulties as a result of the pandemic.[17]

> "I moved to doing a temp job following leaving my job due to Covid. I wanted to change the payment date for my loan and despite repeated calls to my bank nothing changed for three months as I couldn't get to speak to someone. I fell behind with my payments as they fell a few days before I got paid and my income had also significantly reduced."
>
> *Expert by experience*

17. Smith NR and Taylor I. Finances and mental health during the COVID-19 pandemic. April 2021. NatCen Social Research.

Figure 10: Take-up of support during the pandemic appears much lower than the need for help



Notes: Respondents were provided with a list of some of the most-commonly offered forbearance measures during the pandemic.
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

Being able to access such support could also help to protect people's mental health. Based on previous polling on the size of the population who have experienced a mental health problem, as many as 2.5 million people with mental health problems may have experienced suicidal thoughts or attempted to take their own life while behind on a payment in the past year.[18] This emphasises just how important effective communications from essential services firms can be in reducing the harm that financial problems can do to our mental health.

18. See methodology annex for calculation.

5.2 Only a minority of people with mental health problems disclose their condition to essential services providers

The pandemic was an unusual period when considering support offered. Forbearance was more widely promoted and more available than before March 2020, with mental health often being a prominent part of messaging.

But in terms of mental health-specific support, essential services firms often rely on knowing about customers' conditions before they provide additional help. This risks missing out on a huge section of those who may be experiencing difficulties with both their mental health and their finances. Only a minority of people with mental health problems have disclosed their condition to their providers. Just 11% of customers with mental health problems disclosed to their water company, with 12% having disclosed to their energy company or Her Majesty's Revenue and Customs (HMRC), 13% to a telecoms firm and 14% to their financial service provider and their local council.

Nor is it the case that only those in the most acute need disclose. Four in ten people (41%) who have been suicidal and behind on a payment in the last year have never disclosed to an essential services provider that they have a mental health problem. These low rates underline the risks of focusing solely on disclosure in order to support people with mental health problems, and the importance of making default services work better for people with additional needs. But it also highlights that more needs to be done to create a supportive environment for customers to share their additional needs. Box 2 discusses some of the reasons why survey respondents told us they didn't disclose their mental health problem.

Box 2: The challenge of disclosure

Disclosing mental health problems to a financial services provider can be incredibly difficult. Often people are unaware that firms have processes in place to offer additional support.

- Half (50%) of respondents who had not told an essential services provider about their mental health problems said they didn't think their condition was relevant.
- Nearly two out of ten people (18%) reported that they were embarrassed to share their mental health problem.
- One in ten people (12%) said that if they shared details of their mental health problems that they did not think they would be believed.

"I find it humiliating having to tell companies about my mental health problems. They may make a note on your account but it doesn't always filter down and standard letters still come."

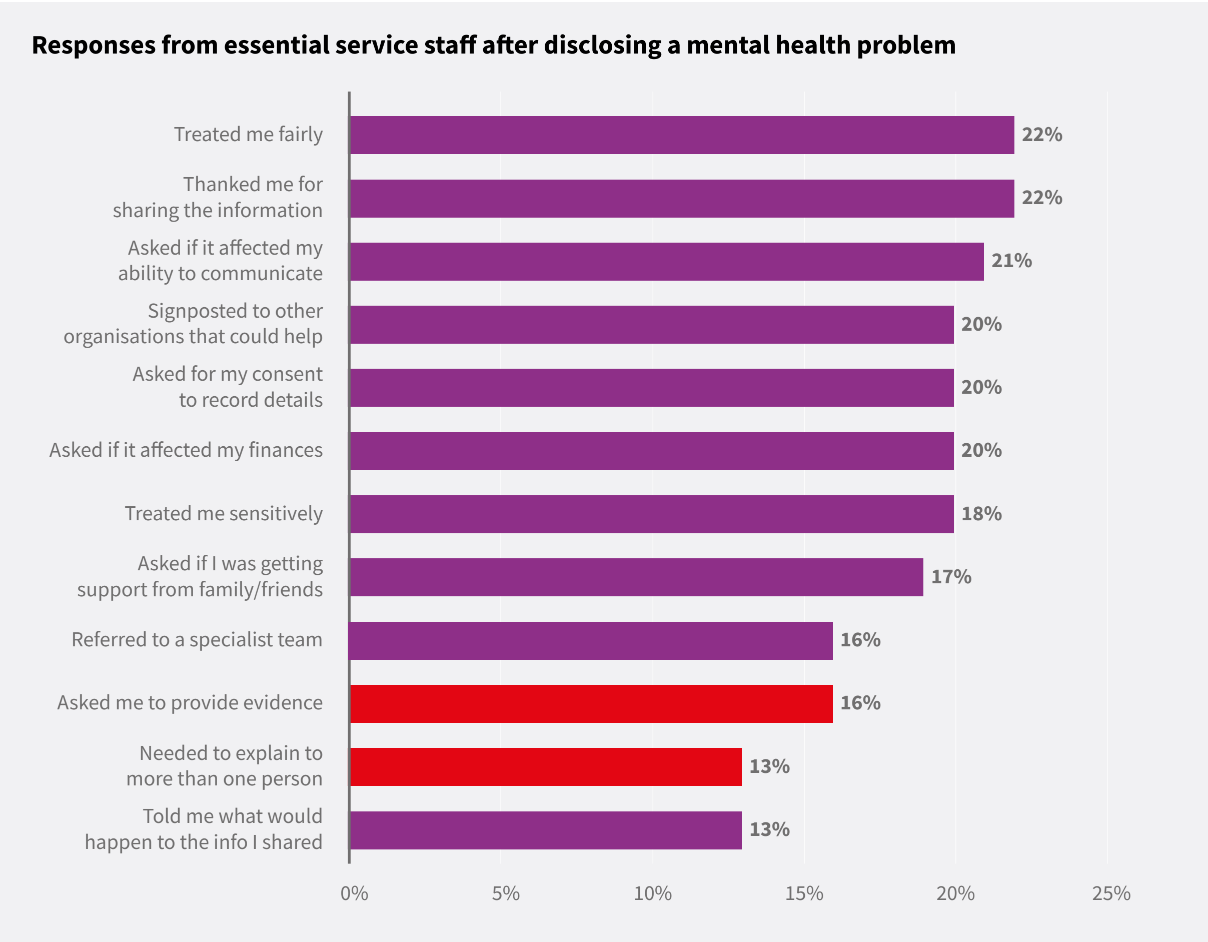
Expert by experience

5.3 One in three people weren't offered additional support following disclosure

Even when people muster the courage to disclose, this does not always guarantee an offer of support. Of those who did disclose, across a range of services roughly one in three were not offered additional services or support.

As Figure 11 shows, only one in five people (20%) who disclosed were asked how their mental health problems affected their ability to manage their finances. Without this basic understanding, firms are likely to struggle to adapt processes to the needs of the individual.

Figure 11: Support customers were offered the most recent time they disclosed mental health problems to an essential services provider



Notes: Less desirable responses are coloured red.
Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

Less than one in seven people (13%) were told what would happen to the information they had shared.

Given the huge barriers people have to overcome to disclose in the first instance and the strength it takes to overcome real and perceived stigma, the very least customers should be able to expect is reassurance about where their information will be recorded and how it will be used.

Section five summary

- Essential services providers should be well-placed to help people with mental health problems to address their financial difficulties. Our research suggests that many opportunities to do so are missed.
- While people with mental health problems have been more likely to make use of pandemic support schemes, a large fraction of people who would have benefited from support did not receive it.
- Such support could also help to protect people's mental health. As many as 2.5 million people with mental health problems may have experienced suicidal thoughts or attempted to take their own life while behind on a payment in the past year.
- Many firms rely on customers disclosing their condition before any additional help is offered. But only one in seven people with a mental health problem had ever told a bank or their local authority about their mental health problem.
- Even when people do disclose to essential services providers, that information is often not leading to improved outcomes. Only one in five people who disclosed were asked how their mental health problems affected their ability to manage their finances.

Section six: The role of health and social care services

Essential services providers are not the only professionals that people with mental health problems encounter. Primary and secondary mental health services and social care services also have a pivotal role to play in supporting people in financial difficulty.

6.1 Only one in five people with mental health problems had disclosed details about their financial circumstances to a health or social care professional

There has been significant progress in supporting people with mental health problems and financial difficulties. The introduction of a Mental Health Crisis Breathing Space – giving people in mental health crisis respite from debt collections activity for the duration of their crisis care[19] – and examples of co-location of mental health services and money advice are recognition of the links between mental health problems and financial difficulties.[20]

Despite these advances, support remains patchy and people risk falling through the cracks in service provision. One reason for this is that the links between money and mental health problems are not often raised by either health and social care professionals or the people they are treating. In fact, only one in five (22%) survey respondents with experience of mental health problems had spoken to a health or social care professional – such as a GP, social worker or mental health nurse – about how their financial circumstances affected their mental health.

Those who had more intensive treatment were more likely to have had such discussions: around half of people in receipt of secondary mental health services such as admission to psychiatric hospital (58%), treatment from the community mental health team (53%) and mental health crisis treatment (53%) spoke to healthcare professionals about how their financial circumstances were affecting their mental health.

Yet, just 28% of those receiving treatment from primary health services, such as a GP, shared information about the impact of their finances on their mental health. With nine in ten people receiving treatment for a mental health problem through primary care services,[21] this is a vital missed opportunity to disrupt the cycle of money and mental health problems.

While admission is reserved for people at risk of harm to themselves or others, nearly half (46%) of people who have been behind on a payment in the last year and were suicidal hadn't disclosed their financial issues to a health or social care professional. Similarly to essential services, our Research Community members suggested one of the primary barriers to disclosure of financial difficulties to a health or social care professional was shame and embarrassment.

> "It's [financial difficulties] something which I have bottled up over the years to my detriment probably because I felt ashamed."
>
> *Expert by experience*

The onus for disclosure does not rest solely with people experiencing mental health problems. However, in less than three in ten cases (28%) did health and social care professionals proactively ask about finances.

> "When I was under the care of the local mental health team they didn't ask me once about finances. Luckily, I had family who could support me at the time, but looking back I'm really surprised they didn't at least raise it, or mention that I could qualify for benefits as a result of my mental health and circumstances."
>
> *Expert by experience*

19. https://www.rethink.org/aboutus/what-we-do/mental-health-breathing-space/
20. A number of local services provide targeted welfare and debt advice to people with mental health problems, either through direct referral pathways with community psychiatric nurses (Citizens Advice Birmingham), community delivery in mental health support facilities (Citizens Advice Bradford & Airedale), and targeted support to people with mental ill health (Hertfordshire Money Advice Unit).
21. Mental Health Taskforce. The Five Year Forward View for Mental Health. 2016.

6.2 Support with financial difficulties by health and social care staff is not keeping pace with the levels of disclosure

Where people with mental health problems do manage to disclose financial problems, receiving support is not guaranteed and the quality of that support is variable. Of those who did disclose, it is welcome that the overwhelming majority of people (86%) were offered some kind of follow-up support.

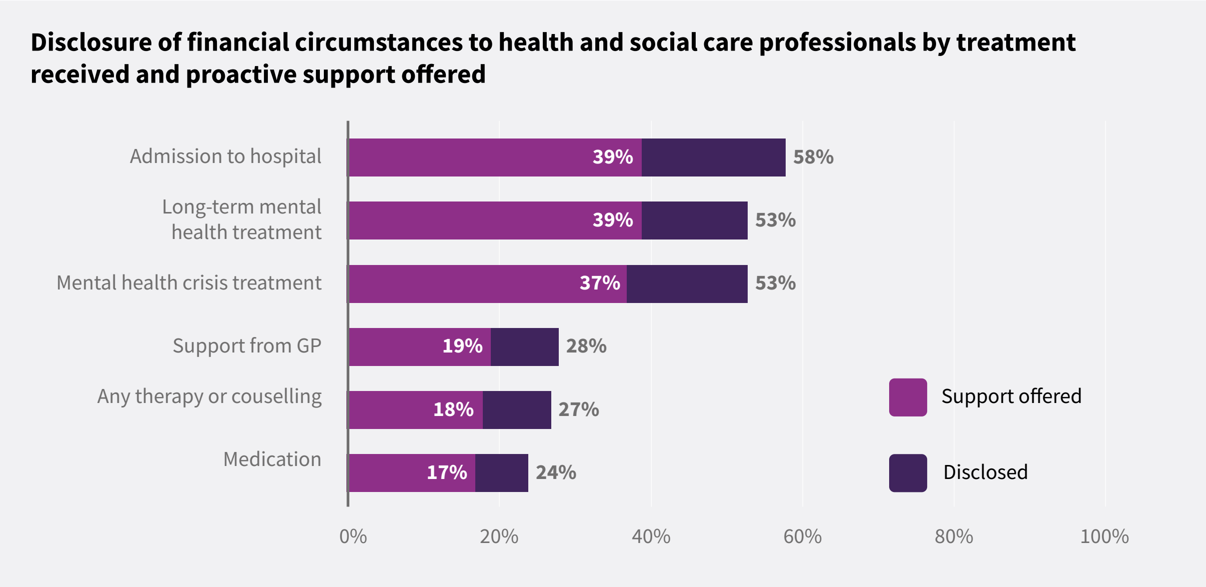
Among those who told a health or social care professional about their mental health problems, almost four out of ten (38%) were asked how their financial circumstances were affecting their mental health.

But a gap remained in terms of concrete follow-ons, with only one in five (22%) respondents saying professionals included financial matters within people's care or treatment plans or assessments.

However, as Figure 12 shows, the support professionals offer differs by treatment pathway, and some healthcare professionals are missing opportunities to intervene. While six in ten people (58%) admitted to hospital disclosed financial problems to a healthcare professional only four in ten (39%) of those were offered support.

While in primary healthcare services, such as GP surgeries, just under three out of ten (28%) people disclosed financial problems to primary healthcare services and only two out of ten (19%) were offered support.

Figure 12: Disclosure of financial circumstances to health and social care professionals by treatment received and proactive support offered



Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

While the pandemic has affected both the extent to which people have used health and social care services and the way in which they used them (as Box 3 explores), it is vital that, as the backlog that has built up is dealt with, opportunities to break the links between money and mental health problems are made the most of.

> "My GP helped me with a Social Prescriber lady who was excellent and helpful in getting my application to personal independence payments."
>
> *Expert by experience*

Box 3: The importance of communication channels

The cognitive and psychological effects of many mental health problems can make certain forms of communication particularly difficult to use or distressing. Three-quarters (76%) of people with mental health problems found at least one communication channel particularly difficult to use or distressing. Telephone calls were by far the communication method that people found the most difficult to use during a period of poor mental health, with four out of ten (41%) reporting this a challenge or distressing. Mobile apps and text messages were reported as the least difficult to use, with just 12% of respondents reporting that they can struggle with these channels.

> "My poor mental health means I have no confidence and even when my depression is at a stage where I can do things, I can't find the courage to make a simple telephone call. I can't even phone my children. This means that when a supplier only operates by phone calls, I am stuck with them and end up paying bills for services I either don't want, or don't have."
>
> *Expert by experience*

Communication needs have come into sharp focus during the pandemic, with most face-to-face contact suspended due to social distancing requirements. While our research found this channel can be difficult for one in three people (28%), for others it was an important lifeline.

> "My CPN [community psychiatric nurse] and my support worker are still available over the telephone but I am missing their regular visits and the practical support they provide which is contributing to a decline in my mental health."
>
> *Expert by experience*

When healthcare and essential services providers only offer a narrow range of communication channels, or stipulate certain tasks must be accessed and completed via specific communication channels they inadvertently risk posing access barriers to people with mental health problems.

Section six summary

- People with mental health problems often interact with health and social care services, providing an opportunity to tackle the links between money and mental health problems.
- Despite many people experiencing both issues, only one in five (22%) survey respondents with experience of mental health problems had spoken to a GP, social worker or mental health nurse about how their finances affect their mental health.
- Health and social care professionals are missing the chance to explore the connections with the people they treat, with less than three in ten (28%) respondents having been proactively asked about their finances.
- The potential harm that could be averted is huge. Nearly half (46%) of people who have been behind on a payment in the last year and were suicidal hadn't disclosed their financial issues to a health or social care professional. But of those who did disclose their money worries, the vast majority received additional support.


HEALTH
WORK
BILLS

Section seven: How money and mental health problems interact

So far in this report we have shown that people with mental health problems are on average experiencing worse financial outcomes. This is the case both during the pandemic and over the longer term. We have also explored how, when it comes to the support that is available and how those who would most benefit from it are identified, there is still much room for improvement.

However, this overall view misses out on the huge variation within this population. Millions of us across the country deal with mental health problems and financial difficulty each year. But how those issues play out will not be the same for everyone. For instance, for some people, having to depend on benefits for the majority of their income may make it impossible to save. Others may be in work but struggling to keep up with large debts. Identifying how these challenges interlink and reinforce each other in people's lives will assist in the targeting of support, so that it helps as many people as effectively as possible – the topic of our final section.

To do that, we used statistical analysis to identify five groups within our survey respondents with a mental health problem, see figure 13 below.[22] These groups are not static – how common certain experiences are can change over time based on policy and wider conditions – nor do they form a set journey that people move through – some individuals may find themselves in different groups at different stages in their life, while others may be more consistently in one. Instead, these groups shine a light on the diversity of experiences people with mental health problems have, how some concerns interact and are more prominent for some than others and suggest priorities for action.

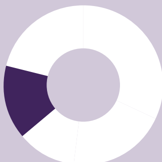
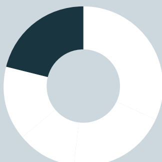
Table 1 sets out these groups, their key characteristics and the proportion of respondents who fell into each category. In the discussion below, we also draw upon our Research Community and how they experienced being in the situations the groups encounter.

Figure 13: The five groups identified in our analysis

Source: Money and Mental Health analysis of Opinium. For full notes see Figure 1.

22. Groups were assessed using latent class analysis. For further details, see methodological annex

Table 1: The five groups identified in our analysis

Group	% of the population with a mental health problem	More likely to be / to have...
Secure In work and in control	32% 	• In work • Decent income • Savings to fall back on • Low debts • Up to date with bills • Less severe mental health problems
Coping On a tight budget and unable to save	20% 	• Out of work • Lower income • Can't afford to save • Low debts • Up to date with bills
Fire-fighting Low incomes and high debts	12% 	• In work • Lower income • Low savings • High debts • Up to date with bills • Less severe mental health problems
Slipping Struggling with their mental health and debts	15% 	• In work and on benefits • Decent income • Savings to fall back on • High debts • Fallen behind on bills • More severe mental health problems
Sinking Reliant on benefits and fallen behind	21% 	• Out of work and on benefits • Lower income • Low savings • High debts • Fallen behind on bills • More severe mental health problems

Source: Money and Mental Health Policy Institute

7.1 Secure

One in three (32%) respondents fall into the 'secure' group. People in this category are doing well across a range of indicators. They are likely to be in work and with an income that is higher than average among people with mental health problems. This relative security means that they have some savings to fall back on, have low debts and are up to date with their bills.

Their health is likely a contributor to this, with most people in this group having less severe mental health conditions. The positive outcomes for those who are "secure" reminds us that experiencing a mental health problem does not inevitably have to lead to financial difficulties.

Case study[23]

David has panic attacks and generalised anxiety disorder, which he manages with support from his GP. He's in work and has been with the same employer for many years. He has progressed up the career ladder and his income has increased too. Due to his long service and progression, he has good sickness benefits and has been able to take time out of work over the years when his mental health problems have been acute, without impacting on his income. His employer is understanding of his mental health problems and offers David a high degree of flexibility around his working arrangements, which prevents his mental health problems impacting on his income. This helps David to stay up to date with bills and build a pot of savings to fall back on.

"Having a challenging full time job has been hugely stressful at times, but the financial security it brings has helped my mental health... I know we have enough to pay the bills and meet any unexpected costs."

Expert by experience

"My salary is good so I don't have to worry about money. This helps me feel more optimistic and reduces my anxiety. It means I have savings to fall back on now if I become more unwell. It means I have enough money to pay for counselling which helps me stay well."

Expert by experience

23. The case studies in this section are amalgams of the experiences of a number of different Research Community members who appear to fall into these groups, rather than the story of one individual, with names changed.

7.2 Coping

One in five (20%) respondents are in the 'coping' group. Like those who are 'secure', they are paying for bills and other outgoings on time and have low debts. Similarly, they are less likely to have more severe mental health problems, which may prevent some of the issues discussed in Part One that can contribute to owing greater sums, such as taking out credit or missing payments when unwell.

But on other factors, this group appears more exposed to risk. Most people in this category are not in work. The reasons for this will vary, with some actively seeking jobs and others unable to work temporarily due to their health. People in this group are also older on average, with those aged 55-65 overrepresented. This may indicate that early retirement explains their lower likelihood of being in work, with their mental health potentially playing a role in that.

This suggests that for many people in this group their relative financial stability may arise from alternative forms of income either through assets, pensions or financial support from partners, or lower expenses, for instance through homeownership. That said, the incomes of this group are not high, with most having monthly incomes of £1,500 or less. Living frugally and within limited means was a common experience among our survey respondents, with one in four (25%) people with mental health problems saying they usually didn't have enough money for social activities and hobbies. This prevents them from saving, with most in this group having little to fall back on for emergencies or other unexpected expenses.

Case study

Lorraine struggles with depression which impacts on her motivation and ability to undertake day-to-day tasks. Consequently, she is not in work and is reliant on benefits. While Lorraine is not currently well enough to return to employment, she has spent the last decade in and out of jobs due to her mental health problems. To make ends meet, Lorraine has cut back on all of her outgoings, cancelled her gym membership and rarely meets up with friends for a coffee. She's keeping up with her bills, but can't afford to save.

"I feel shame and upset sometimes at the financial imbalance between me and others my age. They haven't had years of not being able to work, using up any meagre savings trying to cope. Getting back to work in a lower paid job probably and then having it all start again the next time it happens. Always playing catch up and seemingly losing out financially a little more each time."

Expert by experience

7.3 Fire-fighting

The ‘fire-fighting’ group accounts for 12% of people with mental health problems. In contrast to the ‘coping’ group, more people in this category are in work. But meagre incomes are common, suggesting part-time, low-wage jobs are a challenge. This is a recurring issue for people with mental health problems, with four in ten (41%) of our survey respondents saying that their mental health affects the type of employment they can do and 36% saying it affects the number of hours they can do.

Insufficient pay appears to be a root cause of a number of the other difficulties that people in this group face. Debts of £1,000 and above were common, which suggests this group may be among those who find themselves with high debts as a proportion of their income. Savings were also limited, with most having less than £500 to turn to in an emergency, a potential consequence of people having to direct any money they have to service their debts. In this snapshot, however, people in this group were mostly up to date with bills and other payments.

Case study

Ellie suffers from anxiety and depression. She struggled to find a suitable employer that supported her mental health problems and subsequently is currently self-employed on a part-time basis. This gives her flexibility to manage her health but little income security, with her earnings fluctuating along with her condition. Ellie often has to borrow to pay for essentials like food and heating, and she has no savings to fall back on should the washing machine break down or the kids need new school shoes. For the time being, she has managed to keep up with key bills and repayments.

“I get very stressed as I have had huge bills to consider and other things I have to go without. I go to bed worrying and wake up worrying. In fact, I am constantly thinking about money.”

Expert by experience

“Once I have been paid I only have a very, very limited amount of money left after everything is paid so I can't go anywhere or do anything.”

Expert by experience

7.4 Slipping

Among our respondents, 15% are in the 'slipping' group. Those in this category were mostly in work with decent incomes propped up by support from the benefits system. Despite this, they had significant debts and the vast majority had fallen behind on payments over the past year.

This may be explained by perhaps the most distinctive characteristic of this group, the higher prevalence of more severe mental health problems. People with conditions like psychosis or bipolar often fare far worse financially than people with more common mental disorders. For those who face more ongoing and disruptive issues with their mental health, spending too much or losing track of your budget can have serious impacts that can be difficult to recover from financially, even when receiving a reasonable income.

Overall, our polling found that 34% of people with mental health problems always or often spend more than usual during a period of poor mental health, with 32% regularly finding it harder to keep on top of money coming in and payments going out during a period of poor mental health.

Case study

Viran has a severe mental illness. He experiences periodic psychotic episodes which have on occasions meant he's needed to spend time in hospital and under the care of his local mental health service. Viran is in work which he enjoys and, with the help of his support worker and his employer, he manages to juggle his employment and health. He has a decent income from a combination of employment and disability benefits, although he has high debts and fell behind on his bills when he was furloughed during the pandemic.

"[With my debt] it feels like I'm trying to move a mountain and have a spoon to dig with. It feels like a huge black cloud that hangs above your head and no ray of sunshine gets through. It feels like a weight that you carry, because of having the responsibility for dealing with it, and that even Atlas would struggle with the pressure of carrying the burden."

Expert by experience

"I overspend when I am unwell... I find it harder to check my bank accounts as I don't want to know what I've spent."

Expert by experience

"I've always been mentally ill & always had trouble with life skills. Opening mail, answering calls, and reading emails is often beyond my capacity."

Expert by experience

7.5 Sinking

The final fifth (21%) of respondents make up the 'sinking' group. People in this category are in the worst financial position of all the groups, likely to be dealing with both longstanding money and mental health problems as well as new difficulties thrown up by the pandemic. For most in this group, the benefits system is their sole income source. While less common than in the 'slipping' group, people in this category had higher-than-average rates of more severe mental health problems, which may be a contributing factor in being out of work. Given this and the persistently low level of benefits over the last decade,[24] it is perhaps unsurprising that this group were the most likely to experience their debts increasing during the pandemic.

In contrast to those who were 'coping', the poor health and high debts of those in the 'sinking' group left them with less room to manoeuvre during the pandemic. Needing to self-isolate, pay for food delivery, shop locally at more expensive stores and higher energy bills due to being home more all meant people who could ill-afford it had to find more money. The experiences of this group are likely to match the 17% of survey respondents who said their income is usually not enough to meet the costs of their everyday outgoings. With no financial buffer to withstand these extra costs and with few options to increase their incomes, it is understandable why the debts of people in this group increased.

Case study

Arshi has bipolar disorder and is currently unable to work. This means she is reliant on benefits, which she finds it hard to get by on. Arshi has high debts accumulated over the years following periods of poor mental health and impulsive spending related to her diagnosis. Arshi's debts increased during the pandemic due to a reduction in her benefit income, which she's appealing. Arshi has no funds to pay her bills and trying to dodge calls from creditors is taking its toll on her mental health. She has no savings which meant that when her fridge recently broke down, she had to take out new credit to pay for it. Her poor credit rating meant the only option available was high-cost credit.

""[I] have had to survive on basic Universal Credit of £400 for well over two years. It's been soul destroying and has brought me to suicide on numerous occasions"

Expert by experience

"Mental illness has meant I've been unable to work for a long period and burn through savings when manic. Both mean I have to start all over again."

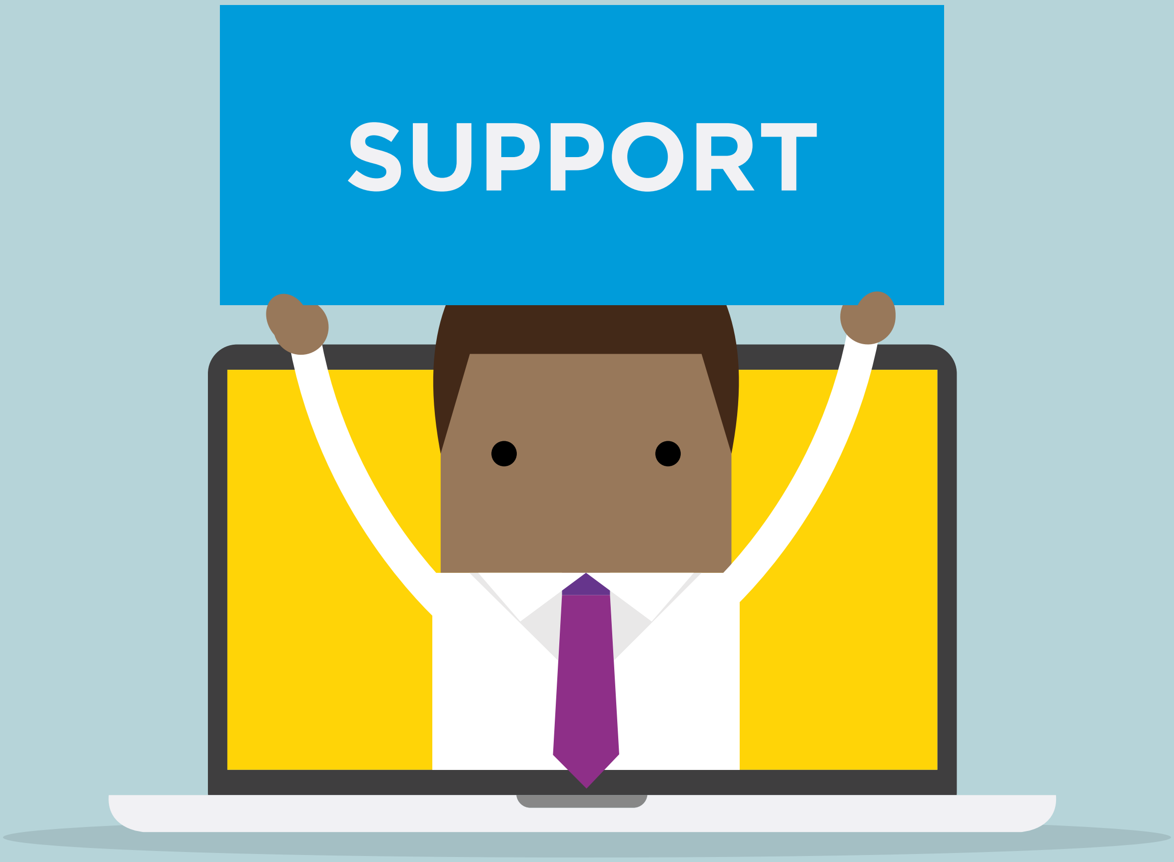
Expert by experience

""I am paying more for my weekly shop [during lockdown], I am having to use my overdraft."

Expert by experience

24. Bond N and D'Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020

Understanding the differences between the groups allows us to see how the challenges that people with mental health problems face can cluster and reinforce each other. At the same time, however, the varied experiences show that managing mental health problems and finances is possible. It is not inevitable that people fall so far behind and face the acute risk of financial harm. Making that a reality for more people can be done, but the onus for change cannot solely fall on the shoulders of those experiencing mental health problems. The government, support services and essential services firms need to step up. The next section sets out what each should do to address the challenges faced by these groups.


SUPPORT

Section eight: How to better support people with money and mental health problems

The scale and severity of the problems raised in this report, and the diversity of experiences across those with mental health problems, makes clear that wide-ranging action is needed. Many of the challenges outlined in this report are shared, both by people with mental health problems and those without. In the first part of this section, we set out a series of recommendations that would help tackle some of the overarching problems people in the UK face today.

But, as the previous section has made clear, not every person with a mental health problem is affected by the same set of issues. While efforts to help people deal with their debts will be of huge benefit to some, others may particularly need help to control their spending or to build up their savings. The second part of this section returns to our five groups, discussing the action that needs to be taken to help each to be in a stronger position financially and mentally, as the effort to build back better gains speed.

8.1 Change to benefit everyone with a mental health problem (and more)

The government should conduct a 'money and mental health assessment' of all pandemic recovery plans

For many of us, the pandemic has had a huge and lasting impact on our mental health and financial circumstances. As this report has shown, the deep connections between the two issues means that efforts to help people recover that only focus on one in isolation miss a major opportunity. Reviewing current pandemic recovery plans, which covers the work of many government departments, exploring how to ensure people struggling with their mental health can make the most of opportunities to improve their finances, and that people receiving treatment for their mental health can access assistance with money worries, would raise the odds of a more rounded recovery.

The Health Secretary Sajid Javid recently announced plans for a cross-government White Paper on health prevention and inequalities. Addressing the links between financial difficulty and serious mental health problems should be at the heart of this plan, to give people a better chance of recovering from both.

The government, the NHS and other bodies should take urgent steps to tackle the link between debt and suicidality

It is encouraging that the government have identified those who are economically vulnerable as a target for intervention in the latest cross-government suicide prevention workplan.[25] Yet the evidence presented in this report about the links between debt and suicidality makes the case for immediate action. The government, alongside the NHS, should:

- Establish a 'routine enquiry' about financial difficulties as standard in primary and secondary mental health services. GPs, accident and emergency departments and community mental health services should all routinely ask service users about their finances, with clear signposting pathways in place to assist those who need it.
- Integrate specialist advice services in mental health settings, including talking therapies delivered through Improving Access to Psychological Therapy (IAPT), to help reach some of those most at risk of suicide related to financial difficulty.

Other bodies are also well-placed to break the link between debt and suicide.

- The government should bring forward a bill to improve its management of debt to government bodies, to ensure that the need to fund public services doesn't come at the expense of the mental health of those who owe bodies like local authorities, HMRC or the Department for Work and Pensions (DWP).

The government should regularly monitor the links between money and mental health problems

In-depth explorations of the links between money and mental health are essential if we are to break the vicious cycle. Without these insights, governments and services struggle to intervene in a timely or effective manner, and people suffer in silence and risk devastating consequences. Yet, barring research such as this report and the Adult Psychiatric Morbidity Survey which takes place every seven or eight years, the evidence on these key issues is piecemeal. Commissioning a detailed study on an annual basis would provide an up-to-date picture of the nation's mental health and financial circumstances and would help map the UK's recovery from the pandemic, and where greater action is needed.

25. HM Government. Preventing suicide in England: Fifth progress report of the cross-government outcomes strategy to save lives. March 2021

8.2 Change to support people with mental health problems in different circumstances

The steps outlined above would have a positive impact across a broad span of the population, with and without mental health problems. But with so many people affected by money and mental health issues, a much broader range of actions is needed. The groups we identified in the previous section provide a helpful framework for thinking about where action is targeted and who it would benefit.

Helping those who are secure continue to thrive

The primary challenge for those in the secure group is to maintain the successful balance they have reached. While forward-thinking employers already play an important role in that, legislation can help to raise the floor for everyone, making it so that people with mental health problems don't need to feel 'lucky' to have found an understanding employer. The government should:

- Make income replacements sufficient to meet people's needs by increasing access to and the level of Statutory Sick Pay, to ensure fluctuations in mental health and periods of sickness absence do not lead to financial difficulties.
- Require mandatory reporting from employers on the mental health pay gap and flexible working requests that are denied and granted. This would facilitate transparency and allow for targeted intervention from both employers and government.

Building a large savings pot, which can be used to buy a home or other assets, should be a reality for many in this group. To help facilitate that, employers should:

- Partner with financial services providers to offer payroll savings schemes, making it easier for employees to save.

Helping those who are coping to build financial resilience

Those who are coping are scraping by on low incomes. But being out of work and unable to save means they are exposed to changes in their outgoings. This suggests a number of routes through which people in this group could be better supported.

For those who are healthy enough to consider a return to work, the DWP should:

- develop bespoke and tailored employment support programmes for people with more common mental health problems. These should follow similar principles to the Individual Placement and Support scheme, which, through offering significant and ongoing support, has helped many people with more severe mental health problems to find and sustain work.

For those who are not in a position to return to work, the DWP should:

- restore the cut to Universal Credit and extend it to legacy benefits.
- support people to increase their incomes, through raising the rates of ill-health benefits, specifically reintroducing the abolished components for people in the Work-Related Activity group (WRAG) and the Limited Capacity for Work (LCW) group.

Boosting incomes through the above steps should help people in this group to have more to save. But, in recognition of the difficulty of saving on a low income, and the disruptive effect that a large emergency expense can have, the most effective tool for people in this group may be affordable credit. HM Treasury should:

- rapidly expand the no-interest loans scheme currently being piloted, in recognition of the pressure that a difficult autumn and winter could place on household budgets.

Helping those who are fire-fighting to get their challenges under control

People in this group are disproportionately in low-paying work. As a result, they are struggling to keep their high debts under control. This is a common issue, with a lack of good quality part-time work leaving people with mental health problems to choose between their income and their health. But employers can play a vital role making that trade-off less stark. Employers should:

- require all managers to have practical mental health training, as part of a plan to tackle the discrimnation and ignorance people with mental health problems face at all stages of employment, from recruitment and retention to progression.
- support people with mental health problems to retain jobs and progress in employment by offering secondments, shadowing, volunteering and buddying opportunities.

Sizeable debts are the other major obstacle people in the fire-fighting group face. The Money and Pensions Service (MaPS) and mental health services providers should:

- help people with mental health problems to access debt advice and money management tools to support them to keep on top of their finances. This could be done through targeted advertising campaigns, collaboration with the Office for Health Improvement and Disparities or through mental health services, such as IAPT, to signpost people to money management tools.

Helping those who are slipping to get a firmer footing

Despite many being in work and with incomes supported by benefits, this group is still struggling with high debts. The cognitive and psychological effects of mental health problems that can make it hard to stick to budgets and control impulsive spending appear particularly relevant for this group.

To give people facing these challenges the best chance to get on top of their finances, essential services firms should:

- improve the experience of customers with mental health problems. This should span from making default services easier to use, to creating a safe and encouraging environment for people to disclose a mental health problem, through to taking action to better meet people's needs, for instance allowing people to access support through a range of communication channels.[26]

To help people prevent such issues from worsening, employers should:

- offer access to tools, apps or personal advice to help with money management. These could be offered as a staff benefit either in-house or through a third party and would particularly help those with variable incomes whose hours vary from month to month.

26. For more on how Money and Mental Health works with essential services firms, see https://www.moneyandmentalhealth.org/mentalhealthaccessible/

While the provision of such tools is useful, for people with more severe mental health problems and debts, more significant interventions will be required. Supporting people to access debt advice and a recognition by mental health services of the role of mental health problems in driving financial difficulties, and the role of financial difficulties in perpetuating mental health problems and crises is key. To this end, MaPS should:

- target support to access timely and effective debt advice. Ensuring services are designed with the needs of people with mental health problems in mind and that people can engage with services in a way suited to their needs. As noted, our survey suggests that some groups are more likely to have experienced a mental health problem for the first time during the pandemic, so ensuring it works for those not used to dealing with these issues will be vital.

Mental health services should:

- support people to access debt advice too, by offering training on financial difficulty to staff in mental health settings, establish routine enquiry to explicitly ask about the presence of financial difficulties or money worries, and integrate money advice in mental health settings so that healthcare professionals have clear referral pathways to support people to resolve financial issues.

Helping those who are sinking to get relief

This group represents those experiencing the most adverse financial experiences, showing the hardship that can ensue when people fall through the cracks in services that are not designed for their needs. Being out of work and in poor health, for many in this group an immediate return to employment is impossible. The social security system is therefore the only meaningful route through which the financial problems this group face can be addressed. As a priority, the government should:

- take steps to increase incomes by increasing benefits rates. This includes the abolished components for those in the WRAG and LCW group mentioned above, but also restoring the cut to Universal Credit and extending it to legacy benefits.
- offer grants for people on benefits to cope with emergency unexpected expenses.

Regulators and essential service providers should:

- better identify people in need of support. Help should be offered by clear referral pathways between essential services and debt advice services to ensure people have access to Breathing Space initiatives. Firms can support customers directly by offering realistic repayment plans, freezing interest and charges and review of decisions to escalate debt collection activity to external agents where people are identified as having mental health problems.

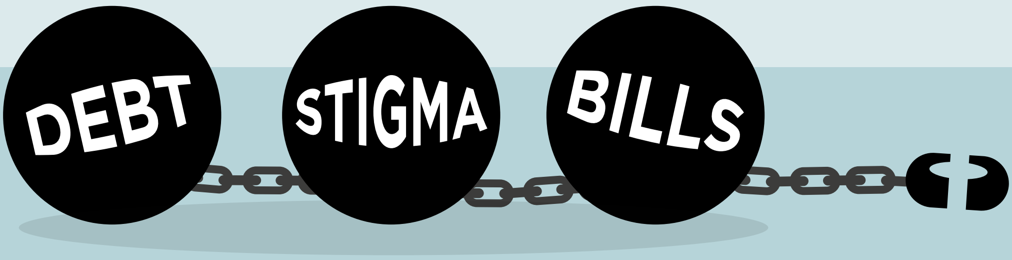
Conclusion

In our first report in 2016, our founder Martin Lewis reflected on how, unfortunately, money and mental health remained taboo issues. While the evidence we have presented here shows that there is still much room for improvement, important progress has been made in the past five years. The pandemic, for all the loss and disruption it caused, may also have furthered this cause, with many of us – albeit to differing extents – dealing with new pressures on our mental health and finances.

The challenge now is converting that increased awareness into truly meaningful action. Health services could do more to ensure the financial consequences of poor mental health are considered as part of a more holistic and preventative approach to treatment. But perhaps the biggest opportunity is in making services more effective for people with mental health problems by default.

That is true in the benefits system, which frequently thwarts its own aim of getting people into work by failing to understand how mental health needs can make some jobs impossible. It applies in essential services, where positive messaging around wellbeing still bumps up against systems that make it harder to seek the help that's available. And it's the case with free debt advice, which can be so transformative for people who feel snowed under by what they owe, but can leave people confused and disempowered.

Getting this right really matters. The higher rates of suicidal thoughts and attempts among those who were struggling the most financially is stark evidence of how high the stakes are. Steps to break the link between money and mental health problems can save lives.



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