

Money and Mental Health's submission to the Department for Digital, Culture, Media & Sport's consultation on the English portion of dormant assets funding

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of over 4,700 people with lived experience of having a mental health problem.

In this response we answer questions 16, 17, 20 and 21

Background

- In any given year, one in four people will experience a mental health problem which can affect their cognitive and psychological functioning.¹ Over a lifetime, this proportion rises to nearly half the population.² However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.³
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make managing money significantly harder.⁴ As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁵
- People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%) of adults in problem debt also have a mental health problem.⁶
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.⁷

16. To what extent do you agree or disagree with the following statement?

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

² Mental Health Foundation. Fundamental facts about mental health. 2016.

³ McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

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

⁵ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

⁶ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

⁷ Bond N and Holkar M. A silent killer: Breaking the link between financial difficulty and suicide. Money and Mental Health Policy Institute. 2018.

“Financial inclusion should remain a cause of the Dormant Assets Scheme in England”. (select only one)

- Strongly agree

17. Please explain the reasons for the answer you have given.

Money and Mental Health strongly agrees that financial inclusion should remain a cause of the Dormant Assets Scheme in England, and encourages work delivered as part of this cause to address the significant financial exclusion that people with mental health problems face.

During poor periods of mental health, people can find it difficult to manage their finances, particularly when it comes to budgeting, controlling spending and planning ahead. This can result in missed payments, increased spending, or the decision to take out new forms of credit without considering the long-term consequences. In turn, this can deplete savings, create problem debts and damage a person’s credit record, which can contribute to financial exclusion or can lead people to self-exclude, wanting to avoid similar difficulties in future. Having a mental health problem also has a substantial and wide-ranging impact on the ability of consumers to navigate the market for financial services, and to choose and use appropriate products to manage their money.⁸

With the impact of the pandemic⁹ and the cost of living crisis¹⁰ taking a particular toll on those of us with mental health problems, access to fair financial products and services that support wellbeing and resilience is more important than ever.

Objectives to date

Money and Mental Health welcomes the key objectives of the financial inclusion cause to date:

- scaling up the provision of fair and affordable credit
- partnering with mainstream financial services to build the evidence base for how they can serve excluded customers
- and the development of new products and improvement of service design to address market gaps and failures with inclusive products.

We’d like these objectives to continue receiving funding from the scheme, and for work undertaken as part of them to consider and address the needs of people with mental health problems in the following ways.

Scaling up the provision of fair and affordable credit

⁸ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁹ Bond N and D’Arcy C. The State We’re In: Money and mental health in a time of crisis. Money and Mental Health Policy Institute. 2021.

¹⁰ D’Arcy C. A tale of two crises: the cost of living and mental health. Money and Mental Health. June 2022.

Our mental health can interact with our access to affordable credit in a number of ways. Financial behaviour during past periods of poor mental health can mean people struggle to access mainstream lending like credit cards, overdrafts or bank loans. This can force people into high-cost alternatives, where the barriers to lending are lower but the cost and risks are higher.

Other people with mental health problems are unable to access the benefits of credit card use, for example added consumer protection, because they don't feel these products offer them adequate control during periods of poor mental health.¹¹ This is why we are keen for lenders to provide:

- soft checks to test the consumer's understanding of a given credit product, and to offer support if necessary. This would enable providers to ensure that people with mental health problems understand the decisions they are making and have had time to seek further support - from a family member, carer or the provider - if required
- methods through which consumers could restrict their own access to credit, so people with mental health problems feel they are able to put in place adequate controls on spending, ahead of periods of poor mental health.

More generally, there has been a reduction in the number of regulated credit options available. Financial Conduct Authority data shows that between 2019 and 2021 there were 3.25 million fewer high-cost short-term credit and home credit loans issued - amounting to £1 billion less in lending.¹² Without access to fair and affordable credit, there is a real risk that more people turn to dangerous illegal money lending. It's estimated that there could be more than 1 million people in debt to a loan shark.¹³

Our own research has shown that people with mental health problems are twice as likely to have taken out high-cost credit during the pandemic. A little under half (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.¹⁴ People with mental health problems are therefore a key demographic in the target market for fair and affordable credit, and making sure these products are accessible to this group is fundamental to increasing levels of access to affordable credit overall.

Many symptoms associated with having a mental health problem - including poor memory and concentration, low energy levels or feelings of anxiety - can make engaging with financial

¹¹ Money and Mental Health. Submission to the Financial Exclusion Committee. 2016.

¹² Fair4All Finance analysis of Financial Conduct Authority and firm data: 3.25 million fewer loans (worth £1 billion) lent in 2021 compared to 2019 in the high-cost credit market (meaning home collected credit and high-cost short-term credit (payday loan) markets). (Provided by F4AF in May 2022)

¹³ Centre for Social Justice. Swimming with sharks: Tackling illegal money lending in England. March 2022.

¹⁴ Bond N and D'Arcy C. The State We're In: Money and mental health in a time of crisis. Money and Mental Health Policy Institute. 2021.

services a stressful, sometimes overwhelming, task. This can increase the risk of exclusion from these services. While financial services do provide adjustments like braille letters or ramps for customers with physical disabilities, little attention has been given to the mental health equivalents.¹⁵ For example, three quarters of people with mental health problems have serious difficulties using at least one common communication channel, but providers often have limited options for how customers can contact them. And opening accounts and taking out new products can be difficult for those whose poor mental health affects their ability to complete lengthy forms and gather the documentation regularly required by providers.¹⁶

These barriers can be worse when engaging with affordable credit providers, as they don't always have the resources to invest in their digital interface or multi-channel access. Compare, for example, the ease with which someone can find and in a few clicks apply for high-cost credit online, with the process for taking out credit from a high street credit union or equivalent, where you may be required to become a member and provide more extensive forms and documentation.

Our Mental Health Accessible Programme¹⁷ works with essential services providers to improve the accessibility of their services for customers with mental health problems. This hands-on, practical consultancy is resource-intensive to deliver, and is paid for by the essential services firms who take it up. One key way to improve the accessibility of fair and affordable credit products for people with mental health problems, would be to use funds from the Dormant Assets Scheme to pay for Mental Health Accessible to deliver consultancy to affordable credit providers. As it stands, community finance providers are not in a position to be able to pay for this service, and as a charity we do not have the resources to deliver it for free. But if money from this scheme was used so that we could deliver this hands-on support, we would be able to help them significantly expand the accessibility of their products for people with mental health problems, who may otherwise use higher cost credit that is easier to use and manage.

We'd also like to see pilots for the No Interest Loan Scheme and affordable consolidation loan scheme scaled up. The No Interest Loan Scheme is providing a vital financial cushion for people who are unable to access or afford existing forms of credit,¹⁸ and the affordable consolidation loan scheme can help reduce costs and complexity for people struggling with multiple debts.¹⁹ Both of these would be of particular benefit to people with mental health problems who, through periods of poor mental health, may have damaged their credit score and be struggling to manage multiple debts.

¹⁵ Holkar M. Time to Act: the Equality Act, essential services and people with mental health problems. Money and Mental Health Policy Institute. February 2022.

¹⁶ Holkar M, Evans K and Langston K. Access essentials: Giving people with mental health problems equal access to vital services. Money and Mental Health Policy Institute. 2018.

¹⁷ <https://www.moneyandmentalhealth.org/mentalhealthaccessible/>

¹⁸ <https://fair4allfinance.org.uk/learning-from-our-no-interest-loan-scheme-proof-of-concept/>

¹⁹

<https://www.gov.uk/government/consultations/consultation-on-the-english-portion-of-dormant-assets-funding/consultation-on-the-english-portion-of-dormant-assets-funding#chap4>

Partnering with mainstream financial services to build the evidence base for how they can serve excluded customers

Work to build the evidence base for how mainstream financial services can serve excluded customers needs to address the specific challenges that people with mental health problems face.²⁰ Actions firms should take if they are to better serve customers with mental health problems include:

- diversifying the standard communication channels provided to customers, ensuring that key services are not only accessible, for instance, over the phone
- updating standard communication templates so they don't provide an overwhelming amount of information or use an intimidating tone
- making disclosing a mental health problem a straightforward process, with clear information on how to do so and what will happen after disclosure
- support for people who have a mental health problem and are struggling financially, by offering options like more affordable repayment plans, and signposting to advice services.

It's also important to note that the reduced provision of physical financial services – including bank branches and cash machines²¹ – has left many consumers and, in particular, those with mental health problems, financially excluded. Some people with mental health problems prefer using cash because it helps them to budget and stay in control of their spending when unwell.²² For people who experience anxiety when using the phone, the ability to speak to someone face to face at a bank branch can be crucial.²³ Despite this, over a quarter (27%) of people with mental health problems disagree that their area has financial services that they can easily access, with that figure rising to 41% among those in rural areas.²⁴

Firms, therefore, must also make sure the needs of customers with mental health problems who access services physically are being met. This could include providing training to those working within the newly-developed banking hubs on the links between money and mental health, ensuring they can provide support that follows the same vulnerable customer guidance applicable to staff in bank branches.

The development of new products and improvement of service design to address market gaps and failures with inclusive products

²⁰ Holkar M, Evans K and Langston K. Access essentials: Giving people with mental health problems equal access to vital services. Money and Mental Health Policy Institute. 2018.

²¹ Booth L. Statistics on access to cash, bank branches and ATMs. House of Commons Library. July 2022.

²² Holkar M. Cashed out: Attitudes among people with mental health problems to cash and digital payments. Money and Mental Health Policy Institute. 2018.

²³ Holkar M, Evans K and Langston K. Access essentials: Giving people with mental health problems equal access to vital services. Money and Mental Health Policy Institute. 2018.

²⁴ Stacey B and D'Arcy C. No one left behind: making levelling up deliver for people with mental health problems. Money and Mental Health Policy Institute. 2022.

Many mental health conditions fluctuate. People will have periods, sometimes years at a time, when they are healthy and able to manage their finances. But for many of us with mental health problems, there will be periods of worse mental health, when additional support to control our finances is needed. Financial services providers are not making sufficient adjustments to allow people to put temporary barriers in place which would protect them during periods of poor mental health.²⁵

Equally, it can be difficult for people with mental health problems to get support from a partner, parent or other carer to manage their finances in periods of poor mental health. Options for third-party access to accounts are limited, and people with mental health problems sometimes rely on joint accounts, which expose another person to potential financial risks, or use their own strategies like giving their bank cards to a trusted family member or friend.²⁶

The development of new products and improvement of service design should actively support people with mental health problems to both better control and get support with their finances. In particular, we would like to see:

- the introduction of better budgeting tools, for example jam-jarring services that allow people to break their spending down into separate budget categories, nudges if people exceed their budget to support them in keeping track of spending, and reminders delivered via a variety of communication formats of when payments are due
- settings that enable self-regulation and self-control, such as double confirmation of large transactions so people can reconsider impulsive behaviour and avoid harm, or delays in processing large transactions to provide the opportunity to check impulses
- sophisticated permission settings that enable carers or trusted third parties to offer support during periods of poor mental health, for example sharing existing text message alerts about balances or overdraft use with a nominated third party.

Priority areas for future funding

In addition to the continued delivery of funding to these existing objectives, we'd also like to see future funding directed towards new objectives including:

- the development of affordable insurance provision and solutions
- the delivery of new systemic products and solutions to tackle the poverty premium
- driving awareness and understanding of fair and affordable financial products and services.

Developing affordable insurance provision and solutions

²⁵ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

²⁶ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

Insurance - such as home, motor and income protection - can improve financial resilience, and better support people to withstand life's ups and downs. However, people with mental health problems can face many barriers when it comes to accessing insurance, including:

- difficulties getting the desired cover
- being refused a cover or charged a higher premium after disclosing a mental health problem
- difficult, upsetting or intrusive application processes.²⁷²⁸

We are currently undertaking work that will further investigate these barriers and produce recommendations that help remove them.

We'd welcome the investment of funding from the Dormant Assets Scheme to help build financial resilience through accessible and affordable insurance, and ask that this work considers and addresses the specific difficulties that people with mental health problems face when purchasing and using insurance.

Delivering new systemic product/solutions to tackle the poverty premium

People with mental health problems face significant premiums. Difficulties associated with having a mental health problem cause challenges with paying bills or solving problems with a provider, and there is often a lack of support from providers that addresses this. This can all lead to people with mental health problems paying between £1,100 and £1,550 a year more for essential services.²⁹

Our own survey conducted with 451 people with lived experience of mental health problems showed that when unwell, six in ten pay more for heating and electricity (60%) and for food (61%), just under half (44%) pay more for transport, and a third (31%) pay more for medical expenses.³⁰ Many participants mentioned that their illness meant they were less able to shop around for groceries and cook from scratch, leaving them reliant on more expensive ready meals. For some, using public transport is very difficult when unwell and they rely instead on taxis. Many participants also noted how their ability to shop around and stick to a budget was impaired during periods of illness, meaning they were likely to go with the default or first option they found even if it was more expensive.

We'd therefore like work that tackles the poverty premium to consider and address the impact that different factors such as having a mental health problem can have on the premium

²⁷ Holkar M. Travel insurance and mental health: a turbulent journey. Money and Mental Health Policy Institute. August 2018.

²⁸

<https://www.mind.org.uk/information-support/guides-to-support-and-services/insurance-cover-and-mental-health/getting-the-right-insurance/>

²⁹ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

³⁰ Money and Mental Health Policy Institute. Response to the APPG on Poverty: Poverty premium inquiry. April 2018.

someone experiences. In the context of mental health, essential service firms have a key role to play in addressing this, by being more accessible and supportive to customers with mental health problems.

Driving awareness and understanding of fair and affordable financial products and services

Increased provision of fairer financial products will only have the desired impact if it is accompanied by efforts to drive people's awareness and understanding of them. Providers should ensure that their communications are accessible to people with mental health problems by:

- proactively promoting them via a range of communication channels
- making sure the information provided is clear and concise
- providing a more in-depth explanation and guidance regarding these products and services to customers who would benefit from this, including those with mental health problems.

20. To what extent do you agree or disagree with the following statement? "Community wealth funds should become a cause of the Dormant Assets Scheme in England". (select only one)

- Strongly agree

21. Please explain the reasons for the answer you have given. (open answer)

The Community Wealth Fund aims to provide support and funding to reinvigorate social infrastructure (places and spaces to meet, community organisations, and connectivity – transport and digital) in 'left behind' neighbourhoods.

Our research has shown the value social infrastructure brings to people's mental health. When we asked our Research Community what it is about their area that has a positive impact on their mental health, access to green space was the top factor. Many people said that spending time in green space helps them manage their mental health problems. Second to this was living somewhere that was friendly and had a strong sense of community, which both generated a feeling of belonging and security. It was also important that people's areas had spaces to facilitate community interactions that were affordable.³¹

Despite this, only 58% of our respondents say there are community facilities, such as community centres, libraries and sports centres, that they can easily access. An additional key barrier to connectivity for people with mental health problems is a lack of regular and affordable public transport. Only two in five (42%) respondents agree that their area has regular and

³¹ <https://www.moneyandmentalhealth.org/local-area-and-mental-health/>

affordable public transport - with a stark disparity between people in rural areas, where only 21% agree, compared to 51% of those in urban areas.³²

As well as taking a toll on mental health, a lack of social infrastructure can also take a toll on financial health. Research has shown that strong social foundations help to secure the success of interventions that aim to boost an area and its residents' prosperity - such as employment, training and education. Initiatives in areas without social infrastructure are more likely to fail.³³

In response to research we conducted which identified certain inequality hotspots in the UK, where people with mental health problems face significant financial hardship in comparison to the wider population,³⁴ we put forward a series of recommendations aimed at both national and local leaders that could help reduce this financial inequality. These include initiatives like improving the provision of employment support for people with mental health problems, to help improve their access to, and progression in, the workplace. However, without strong social infrastructure, the likelihood of these initiatives succeeding is reduced. That's why we support Community Wealth Funds being allocated funding by the Dormant Assets Fund - so the right conditions are provided for initiatives that improve the financial health of people with mental health problems in 'left behind' areas to succeed.

³² Stacey B and D'Arcy C. No one left behind: making levelling up deliver for people with mental health problems. Money and Mental Health Policy Institute. 2022.

³³ <http://communitywealthfund.org.uk/wp-content/uploads/2022/07/CWF-briefing-explainer.pdf>

³⁴ Stacey B and D'Arcy C. No one left behind: making levelling up deliver for people with mental health problems. Money and Mental Health Policy Institute. 2022.