

## Money and Mental Health's submission to HM Treasury's consultation on reforming the Consumer Credit Act 1974

### 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 thousands of people with personal experience of mental health problems.

This written submission has been informed by the experiences of our Research Community, as well as our wider body of research. Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

### Background

- In any given year, one in four people will experience a mental health problem which can affect their cognitive and psychological functioning.<sup>1</sup> Over a lifetime, this proportion rises to nearly half the population.<sup>2</sup> 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.<sup>3</sup>
- 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.<sup>4</sup> 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.<sup>5</sup>
- 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.<sup>6</sup>
- Mental health and financial problems can form a devastating, self-reinforcing cycle. Over 420,000 people in problem debt consider taking their own life in England each year, and more than 100,000 people in debt actually attempt suicide.<sup>7</sup>

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

<sup>2</sup> Mental Health Foundation. Fundamental facts about mental health. 2016.

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

<sup>4</sup> Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

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

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

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



### **Question 1: Do you agree with these proposed principles, and do you have views about tensions between them or relative prioritisations?**

We broadly agree with the proposed principles. Our primary comments relate to the “Proportionate” principle.

The description of Proportionate says “high levels of protection are maintained where appropriate”. We believe “where appropriate” should be removed. If specific protections are no longer appropriate they could be changed, but being clear in the principles that the overall level of protection will - at a minimum - be maintained through this process is an important commitment. This would make it more explicit that the standard of protection - especially for vulnerable customers - will not be watered down.

More generally, while the description of Proportionate notes that “[s]ome customers in this market may be vulnerable”, there is little else explicit in the five principles that captures this opportunity. This principle could therefore also be strengthened. Combining the two points we have raised, our suggestion would be: “Some customers in this market may be vulnerable and due care will be given to ensure that high levels of consumer protection are maintained, and further strengthened in areas of particular consumer harm.”

An additional principle - perhaps titled “Inclusive” - that more directly addressed the question of the experiences of customers in vulnerable circumstances could help to keep the diversity of consumers and the sometimes different risks they face front and centre of the forthcoming work. While the concepts present in both Proportionate and Simplified would be beneficial for such consumers, this additional principle should focus more on firms’ preventative duties, making consumer credit more accessible in terms of the journey and the barriers that customers in vulnerable circumstances may encounter.

### **Question 3: Are there any existing definitions or concepts in the CCA which should be updated and clarified when moved to FCA rules?**

In line with the principle that these reforms should simplify and modernise the language used, we believe all key definitions, concepts and examples within the CCA should be re-assessed. While there are no specific terms that we believe to be particularly problematic, understanding complex and jargon-heavy language is challenging for many consumers. That is particularly the case for those of us with mental health problems, as common symptoms of many conditions can make it harder to concentrate or process information.

As well as simplifying the language used in the rules, the FCA could also consider how best to present this information - both in its format and where it is available - so that consumers who wish to find out more about important terms, their meanings and their consequences for them can do so quickly and easily. To facilitate this, where these terms are used, or where firms are



mandated to use them in their communications, they should also be accompanied by a plain English explanation.

**Question 6: Do you support the conclusion of the Retained Provisions Report that most Information Requirements could be replaced by FCA rules without adversely affecting the appropriate degree of consumer protection, and that it is desirable to do so? Are there any additional factors the government should consider given the context changes since the report's publication in 2019?**

Yes, we support the RPR's conclusion. See our answer to Question 7 below for more detail.

**Question 7: In what circumstances is it important that the form, content and timing of pre-contractual and post-contractual information provided to consumers is mandated and prescribed? What are the risks to providing lenders more flexibility in this area?**

We believe that a prescriptive approach is needed on *when* customers are contacted - how quickly after taking out credit, how often in collections - but an outcomes-focused approach is best when it comes to *what content* customers are sent - customers must understand the following pieces of key information, but the exact wording need not be prescribed. This would ensure customers are protected in terms of being contacted at appropriate times and frequencies, but gives firms the opportunity to simplify and tailor the information to their customers' needs and situations. This balance also provides an element of future-proofing, as it is the content of the language - rather than the timing of contact - that is likely to need to be updated.

In general, we are supportive of firms being given the opportunity to tailor the information given to consumers. This issue was at the heart of research and campaigning we carried out from 2018, relating to the prescribed wording in default notices. We found that these letters in problem debt can be a trigger for suicidality.<sup>8</sup> While the links between debt and suicide are complex, these letters, written in capital letters containing extensive jargon and threats of court action and with outdated signposting, were leaving some of our Research Community members feeling isolated, hopeless and trapped. Creditors we spoke with also recognised the shortcomings of the letters, and the counterproductive effect it could have on the recipients' engagement, pushing them further away from making contact with the firm.

The changes HM Treasury made to those letters - removing the requirement for text to be written in capital letters, adding explanations of legal terms and updating the signposting - were a positive step forward. But the process involved in updating the relevant legislation was

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<sup>8</sup> Holkar M and Bond N. [A silent killer: Breaking the link between financial difficulty and suicide](#). Money and Mental Health. 2018.



lengthy. Moving more of these kinds of information to FCA rules would allow for similar wording to be adjusted more easily if it had become out of date or its negative impact was demonstrated.

We recognise, however, that there are risks in moving from prescribed wording, formatting and timings to one that grants firms more flexibility. This is particularly true for information related to payment dates, amounts, missed payments and collection activity. Prescription can be of huge value when dealing with such potentially harmful issues. We agree with the potential pitfalls identified in the consultation document, primarily that while some firms will rise to the challenge and deliver information in a timely, supportive and clear way, others may not. This could lead to consumers being sent badly-designed letters, that may be - even if unintentionally - distressing and confusing to customers. This could raise the risk of the customer disengaging from contact with the firm, leading to rising charges and collection activity, which can also be hugely upsetting.

One issue where we believe more prescriptive rules than currently exist are needed is around the frequency of contact creditors can make with people who have missed payments. As we explored in research at the end of 2022,<sup>9</sup> CONC requires firms to give “fair and appropriate treatment” to customers who the firm considers “particularly vulnerable”. A document published by the Office of Fair Trading which CONC refers to discusses psychological harassment and warns firms against contacting customers in debt at “unreasonable intervals”. None of the guidance, however, provides clear guidelines on how many contacts would be excessive. It also does not consider the compounding impact of contact from multiple creditors: the volume of contacts that might seem reasonable from one creditor quickly appears more likely to constitute harassment when you consider the experiences of people who are behind on multiple payments.

We heard examples of this bombardment reaching extreme levels. One of our Research Community members who kept track of debt communications across a week shared how he received seven contacts in seven hours from one debt collection agency, including two text messages, two emails, a letter and two phone calls which he did not answer.

The stakes on this issue are particularly high. In polling in November 2022, one in six (17%) respondents said that they had experienced suicidal thoughts or feelings as a result of the rise in the cost of living this year. That share was even higher among people who were in debt, rising to half (49%) of those who were behind on more than one kind of payment. That contributed to us calling for the UK to take a similarly prescriptive approach to that found in the US, where debt collectors are limited to making no more than seven calls within a seven-day period, or within seven days after a telephone conversation with the customer about the particular debt. While we believe seven calls within a seven-day period would still be excessive, particularly for people with debts to several creditors, the principle of explicit guidelines on the

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<sup>9</sup> D’Arcy C. [Bombarded: reducing the psychological harm caused by the cost of living crisis](#). Money and Mental Health. 2022.



number of contacts across different communication channels is one that should be taken forward.

It is also worth reflecting on current practice and how, even with prescribed content, firms approach communication differently. In an exercise we carried out with Christians Against Poverty, we explored how different creditors were approaching default notices after the change outlined above came into force. We noted that firms, while adhering to the prescribed content, took a wide variety approaches with differences in structure, font size and accompanying documents. These differences can all potentially shape - for better or worse - how a customer perceives and responds to the letter. For instance, a letter with small text and excessive use of jargon beyond the prescribed content could leave the recipient confused. At the other end of the scale, some firms were providing more informative, user-friendly documents alongside the prescribed ones, setting out a range of debt advice and mental health support charities people could contact if they needed additional help.

To make the most of the opportunity this reform presents while mitigating the risks, we recommend that the FCA is tasked with providing detailed guidance for firms on what good and bad practice looks like when it comes to key pieces of information. If done well, this should provide firms with enough of a steer so as to prevent some of the worst outcomes - long delays in contacting customers about debts, for instance - while maintaining flexibility to tailor communications to different audiences. This should also allow firms to take into account the information it already holds on the customer, for instance communication preferences or any additional needs they may have. Where firms have failed to follow the guidance, the clarity of it should leave the FCA well-positioned to take enforcement action where merited.

**Question 8: The Consumer Understanding outcome in the Consumer Duty posits that consumers should be given the information they need, at the right time, and presented in a way they can understand it. Does the implementation of this section, and the Consumer Duty more broadly, go some way to substitute the need for prescription in CCA information requirements?**

We are very supportive of the Consumer Duty and the potential it has to raise standards in financial services firms. The Consumer Understanding outcome is a major part of why we believe it could lead to beneficial change.

That said, the FCA has been clear that it sees the need for significant changes in practices from firms in order to meet its expectations under the Duty. As such, the scale of the task should not be underestimated, either for firms in implementing it or for the FCA in monitoring and enforcing it. Relying on an initiative that has not yet been introduced or proven to be effective to stand in for crucial and longstanding CCA safeguards brings with it the risk of reduced protection.

Some firms are likely to heed the requirements in the Consumer Duty on understanding and adjust their approach. Others, however, will be slower or less effective in responding. With the



Consumer Duty potentially representing a major practical and cultural change for those latter firms, how much of an impact it has and how far it can substitute for the CCA's information requirements remains to be seen. Acknowledging its shortcomings, one benefit of the CCA's age is that it is well-known across the sector. Firms should be able to find out what they need to do under it. The Consumer Duty, however, through being newer and less prescriptive, will be less established within firms and there will be less certainty about what action is required.

With the Consumer Duty coming into force this year, and the CCA reform likely to be a longer-term project, future consultations on the CCA should reflect on effectiveness to date of the Consumer Duty in shaping behaviour, among leading firms as well as the rest of the market. As explored in greater detail in response to Question 7, while we support outcomes-focused regulation broadly, there are some areas of more acute consumer harm where greater prescription is required to guard against the worst outcomes. In this case, prescription of how often creditors contact people in debt would be helpful. This is consistent with the FCA's current approach, where there is prescription on the interest that is allowed to be charged or how overdraft charges are communicated to customers (rather than just about avoiding bad outcomes on these things) because particular harms and poor practice have been identified. If the Consumer Duty is found to be effective, some areas of prescription may no longer be required, but others will be whatever happens.

**Question 9: Given the increasing using of smartphones and other mobile devices to take out credit products how can consumer information be delivered on devices in a way that sufficiently engages consumers whilst ensuring they receive all necessary information?**

Information that is poorly structured, worded and formatted can be hard to understand, whether it is provided on paper, a monitor, a tablet or a phone. Our emphasis in the CCA reform would be, as noted in response to previous questions, to simplify and improve what information consumers are given, whatever format it comes in.

To make the most of the opportunity, we would encourage HM Treasury to listen to consumers with different needs including mental health problems, through research, engagement with consumers and with charities and consumer groups. There are a range of other considerations that we believe to be particularly relevant when it comes to mobile journeys:

- Low-friction journeys that allow people to move very quickly from page to page do not support understanding of the product, its requirements and the consequences of missed payments. But it can also make it easier to take out large amounts of credit in a short period of time. This has emerged as a specific concern for people with bipolar disorder, for whom being in a manic phase can lead to uncontrolled spending. Being able to take out credit from home on a phone can allow consumers to borrow in unaffordable ways when they are unwell.
- High-friction journeys can also be problematic, particularly when they are towards accessing help or cancelling a product. A lack of energy and willpower can be a





common symptom of mental health problems, meaning people experiencing these may be more likely to fall out of these journeys.

- Customers must be able to ask questions and have the information further explained via smartphone channels (e.g. webchat or in-app support), just as they would in face-to-face or telephone interactions to take out credit.
- Customers should be required to proactively confirm that they understand key aspects of the information provided in-app or on mobile webpage before taking out the credit. This should be done piece by piece, so that the most important elements of information are highlighted prominently. to highlight the most important bits.
- Firms should consider delivery of information in forms other than written e.g. video and audio.
- As we note in response to Question 26, people with mental health problems can often encounter difficulties using specific channels. This is true across those of us who experience these difficulties but it can also vary for an individual. This can mean someone who finds mobile journeys easy one day may, as a result of their symptoms, struggle the next. Building in the ability to shift between channels would help to ensure people can access products and services in a way that works for them and boosts financial inclusion and understanding.

**Question 10: Are there any areas where, in your view, consumer protection legislation, rules and/or guidance, outside of the CCA, makes for appropriate levels of consumer protections and mirrors or replicates the effects of the provisions in the CCA?**

The rights outlined in paragraph 4.19 are all valuable and we would want to see the protection they provide continue to be available to consumers, however they are underpinned.

**Question 11: If other consumer protection legislation, rules and/or guidance, outside of the CCA, falls short of replicating the effect of the provisions in the CCA, where do these gaps exist and how significant are they?**

A key piece of legislation we would draw attention to is the Equality Act 2010. As we explored in a report last year,<sup>10</sup> the Equality Act should be delivering protection and adjustment for consumers with mental health problems using essential services like financial services. Despite this, we found that a combination of a lack of resource and specialist expertise within the Equality and Human Rights Commission, and the FCA having the expertise but few responsibilities relating to the Equality Act, has led to the onus being on the consumer to advocate for their own rights. As work continues on the CCA, the opportunity to build the protections that the Equality Act should - but currently often isn't - offering in consumer credit

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<sup>10</sup> Holkar M. [Time to Act: The Equality Act, essential services and people with mental health problems](#). Money and Mental Health. 2022.

markets should be explored. This could include analogous protections being built more explicitly into the FCA rules as they move over, or to give the FCA the power to enforce the Equality Act in financial services markets.

**Question 12: The FCA's Consumer Duty mandates a consumer support outcome. How does the Consumer Duty interact with the rights and protections provided to consumers in the specific consumer credit regulatory regime, which currently consists of the CCA and FCA rules?**

As noted in response to Question 8, while we are optimistic about the impact that the Consumer Duty could have, it has not yet been implemented and we cannot judge how effective it will be in practice. Focusing specifically on outcomes for people with mental health problems, we particularly value the clear links made in the Consumer Duty to the FCA's guidance for firms on the fair treatment of vulnerable customers. The FCA has made plain that if firms are not following the guidelines set out with regard to customers in vulnerable circumstances, they are unlikely to be meeting their obligations under the Consumer Duty. The vulnerability guidance is more detailed and provides more helpful examples for firms than other references to vulnerability elsewhere in the CCA and FCA rules.

**Question 13: If it is possible to amend the FCA's FSMA rule-making power to enable FCA rules to replicate the effect of rights and protections currently in the CCA, what is your view on the risks and benefits of doing this?**

In general, we would support amendments along those lines. Positioning the FCA as the body with the powers to effectively monitor and take action is sensible, and gives the UK the best chance of having joined-up regulation of the financial services industry. A question we would raise would be the scale of the duties being given to the FCA. If it represented a considerable extension of its existing powers, careful thought would be needed to ensure the FCA had the budget, skills and wider capacity to deliver those additional roles.

As noted, the Consumer Duty already represents a major new expectation on firms. While we hope that firms will act, it will nonetheless require additional effort from the FCA to understand its impact, to provide appropriate guidance and feedback to firms and to take enforcement action where merited. Alongside this, the proposed new objective around international competitiveness will likely require different approaches or considerations in the FCA's work.

None of this is to say that the FCA has reached or is close to a point at which its duties are too extensive. However, as the financial services industry continues to grow and becomes more complex, it seems likely that the requirements placed on the FCA will only grow. Careful monitoring of its regulatory capacity is therefore needed as these reforms progress.





**Question 16: What is your view on the usefulness of the right to voluntary termination and its role in protecting consumers? Are there improvements that could be made to the functioning of this right?**

The consultation document says the government will consider “whether the right to voluntary termination should be limited to those cases where there is an existing or potential situation of financial difficulty if the agreement were to continue and whether the protection it affords is appropriate or should be refined.” Our concern with this approach would be how existing or potential financial difficulty would be established in practice. The idea the government is considering may shift the balance towards a presumption that financial difficulty is not in play, or that a customer would be required to produce evidence to demonstrate this.

For people with a mental health problem, who make up half of those in problem debt, producing evidence documenting this can often be challenging. Common symptoms of mental health problems can make engaging with financial services firms a challenge in the first place. Having to then find and share sometimes complex personal financial information with a firm would be difficult in practice for many people.

**Question 17: To what extent do the FSMA and FOS regimes make the unfair relationship provisions unnecessary? If these provisions are to be kept in legislation, with other rights and protections moving to FCA rules, does this create more complexity and confusion for lenders and borrowers and what will the effect on innovation in the sector be?**

The issue of an unequal balance of power between firms and consumers is particularly relevant for people with mental health problems. Pursuing a complaint through FOS can often be a very difficult process to go through, and the extent to which the availability of this route acts as a brake on firms’ bad behaviour is uncertain. That is why well-designed rules and guidance which are effectively enforced are so important for customers with mental health problems, to prevent them having to shoulder the burden of pursuing an issue themselves.

**Question 18: Would you be supportive of HM Treasury exploring the option of amending FSMA rule-making powers in such a way to enable unenforceability to apply to breaches of FCA rules in a similar manner to how unenforceability applies under the CCA, noting there would not be a role for court action in this scenario?**

Yes.

**Question 19: Do you agree that the government should consider the proportionality of sanctions and ensure that they are relative to the consumer harm caused/potentially caused?**



Sanctions that are proportionate to the harm caused or potentially caused is a sensible aim. We would caution that how harm is identified and quantified is an important consideration in what can be deemed proportionate. For instance, for consumers on a low income, 'small' errors can have large financial and/or psychological consequences. Research Community members have told us how mistakes by firms in when payments are taken or what charges are levied have led to their financial and mental health spiralling downwards, as difficulty meeting one payment can lead to expensive short-term credit use, with the resulting stress putting pressure on people's mental health. For wealthier consumers without mental health problems, the harm from the same mistake could be minimal. Understanding the target customer base for the firm or the product, the actual circumstances of those affected and how different groups within those harmed have fared would all be needed to ensure that sanctions are proportionate.

**Question 23: What is your view on the merits in increasing the standards of conduct for consumer hire agreements to make them comparable to those for consumer credit?**

We would support this.

**Question 24: Should the section 17 provisions which enable exemptions from specific elements of the CCA and CONC continue to exist? What would be the impact of these provisions not applying?**

We believe that the exemptions for small agreements should not continue to exist. For people on low incomes, issues that crop up with small agreements can be just as meaningful as a larger agreement for someone on a higher income. Similar, there is no principled reason why there should be less concern or protection for someone borrowing £500 through multiple agreements of less than £50 than for someone with the same borrowing but with agreements above £50.

**Question 25: How can this reform ensure that firms provide information to consumers which is accessible for a wide range of financial literacy and numeracy levels?**

The opportunity to make information more accessible presents a huge opportunity to better serve customers with mental health problems.

As noted above, the chance to move away from unhelpfully outdated prescriptive wording and guide firms towards using more commonly-understood language would help people whose symptoms make processing complex information difficult. This, however, will not arise on its own. It will require firms to be supported to understand what best practice is and how they can achieve it. Commissioning research with consumers and charities representing consumers who

are particularly likely to benefit from easier-to-understand information would be particularly welcome.

As noted in response to Question 1, an additional principle titled “Inclusive” could help to put more of an emphasis on using this process to drive financial inclusion for a wider range of consumers.

### **Question 26: In what ways should this reform ensure that consumers’ mental health and wellbeing is supported throughout the consumer credit product lifecycle?**

Common symptoms of mental health problems can affect our ability to engage with consumer credit and creditors in a variety of ways. When the consumer credit product lifecycle doesn’t build in an awareness of these challenges, it can make it much harder for those of us with mental health problems to get as good a level of service as other consumers in this vital market. Some specific difficulties our research has repeatedly found include:

- Reduced attention span, which can make completing lengthy forms or scrutinising bills harder
- Unreliable memory, which can make remembering passwords, what was agreed in phone calls or when bills are due difficult
- Increased impulsivity, which can make it difficult to control frustration resulting from fear or confusion
- Reduced planning and problem solving abilities, which can make it harder to find a solution when something goes wrong
- A lack of motivation, which can mean people don’t check they are getting a good deal or that bills are correct
- Social anxiety and communication phobias, which can mean post goes unopened and people struggle to ask for help.

When firms’ processes are designed with people with mental health problems in mind, these issues can be mitigated. But when they are not, this can lead to both financial and psychological harm. In research we conducted in 2018<sup>11</sup>, we found:

- One in ten (11%) customers who have experienced mental health problems find essential service account management difficult, and this becomes significantly more challenging during periods of ill health.
- Four in ten (37%) people who have experienced mental health problems exhibit significant levels of anxiety when dealing with essential service providers, indicative of at least a mild phobia of this situation. This is almost three times the rate amongst people who have never experienced mental health problems (13%).
- Overall, three quarters of people (78%) have experienced at least one sign of anxiety when dealing with essential services providers.

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<sup>11</sup> Holkar M, Evans K and Langston K. [Access essentials: Giving people with mental health problems equal access to vital services](#). Money and Mental Health. 2018.



- Across the UK, a quarter (23%) of us exhibit significant levels of anxiety when dealing with essential service providers. This equates to more than 11.5 million people. Substantial numbers of people report that dealing with essential services providers when they are unwell can lead to panic attacks and even suicidal ideation.
- Three quarters (75%) of customers who have experienced mental health problems have serious difficulties engaging with at least one commonly used communication channel.
- Customers with mental health problems often have difficulties navigating providers' websites, call centre menus and other sources of information. These problems can be exacerbated by "information overload" and complex design.
- Many customers with mental health problems struggle to understand information they receive from essential service providers, particularly when they're acutely unwell, or when this information contains jargon or data that isn't presented in a meaningful way.
- Communications from essential service providers can be a source of stress, particularly when the customer lacks confidence or the correspondence is unexpected.

When the challenges these symptoms present clash with firms and processes that don't have an understanding of mental health problems and how they can affect us practically, this can lead to a range of negative outcomes. People with mental health problems frequently struggle with issues related to how financial services firms manage credit, from making initial contact to making payments to falling behind.

The most striking and concerning examples of the harm that can be caused by limited consideration for people's mental health relate to collections activity. People with mental health problems make up half of those in problem debt, which means the way that firms approach contact with people who have fallen behind must be designed with mental health front of mind. This includes, as we have explored in response to Question 7, the number of times people are contacted and the sense of bombardment and panic this can lead to. But it also relates to the whole range of engagement that firms have with people in debt, from the content of the messages people are sent, the signposting with which they are provided and the way visits to people's homes by enforcement agents are conducted. We have repeatedly heard how destructive poorly-managed collections activity can be to people's mental health,<sup>12</sup> including for those who hadn't previously experienced poor mental health.

Beyond collections, complaints are another process that many customers with mental health problems frequently find inaccessible, for instance, if they are required to use the telephone or if information about how to complain is obscured. Others struggle to lodge complaints because of psychological barriers, such as difficulties with confrontation. While efficient complaints and redress processes are important, this demonstrates the potential value to people with mental health problems of preventing issues occurring in the first place, which CCA reform presents an opportunity to achieve.

When we speak with firms about these issues, we sometimes hear that there is support and flexibility that can be offered to people with mental health problems, and that the real challenge

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<sup>12</sup> Holkar M and Bond N. [A silent killer: Breaking the link between financial difficulty and suicide](#). Money and Mental Health. 2018.



is in getting people to come forward. In some ways, this is correct. Representative polling of 5,000 people with mental health problems found that just 14% of people had ever disclosed their condition to a financial services firm.<sup>13</sup> When firms do offer additional support, it isn't reaching most people with mental health problems. Using this reform to push firms towards better information provision and more supportive product design is an effective way of supporting people with mental health problems.

- 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.

While it cannot be the only solution, better-designed and better-managed products with more support from firms is a way to help break the all too frequent toxic cycle between mental health problems and financial difficulty. Not all of those issues can be addressed by CCA reform, but the scale of the challenge makes clear that any progress on these issues is overdue and would be welcome.

### **Question 29: Are you aware of any implications of our policy approach on people with protected characteristics?**

As most of our responses have addressed, we believe that reform of the CCA represents an important opportunity to deliver better outcomes for those of us with mental health problems, many of whom will be considered to have a disability under the Equality Act 2010. As noted in our response to Question 11, our research has found that as things stand the Equality Act is not delivering the protections that it should for customers with mental health problems using financial services. We believe HM Treasury should use the opportunity of the CCA review to consider how it can address this gap in protection, for instance through strengthening enforcement of the Equality Act by inserting new equivalent protections into FCA rules or giving powers to the FCA to enforce the Equality Act.

### **Question 30: Do you have any views on how the government can mitigate any disproportionate impacts on protected characteristics?**

We believe that these changes, if thought-through and well-designed, should have a positive impact on people with mental health problems. Arguably people with mental health problems are doing worst out of the current system, so improvements in consumer protection should be expected to benefit them the most, if delivered with appropriate care and consideration. Throughout the process, the government should ensure it and the FCA are commissioning and

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<sup>13</sup> Bond N and D'Arcy C. [The state we're in: Money and mental health in a time of crisis](#). Money and Mental Health. 2021.



conducting research to explore the differential impacts across consumers, including through speaking to consumer groups and charities as well as directly to affected groups.