



MONEY AND
MENTAL HEALTH
POLICY INSTITUTE

BOOSTING FINANCIAL INCLUSION. PROTECTING MENTAL HEALTH.

Five steps for the next government



Introduction

The pandemic and rising costs have devastated many households' financial and mental wellbeing. One in ten adults in the UK are behind on credit payments, and half of those people have had suicidal thoughts as a result of the cost of living crisis. The next government's efforts to protect the country and restore hope for the future must start with those who have been hardest hit.

Money is tight, for the public purse as well as household budgets. But with suicide rates, NHS waiting times and economic inactivity all having risen, the need to act has never been greater. Now is a moment for pragmatic, targeted policy interventions.

This plan sets out five low-cost steps that the next government can take to boost financial inclusion and help those struggling with their mental health through these difficult economic times — building protections from immediate harm and removing barriers to opportunity.

We want the next government to:

1. Ensure everyone using mental health services is offered help and advice with their money
2. Protect people from the devastation caused by aggressive debt collection
3. Remove barriers to work for people with mental health problems
4. Protect disability benefits for people with mental health problems
5. Make financial services fair for people with mental health problems

"I attempted suicide twice while I was in seemingly insurmountable debt. I just couldn't see a way out. But now, after getting help with my finances and support for my mental health, I'm debt free, in a job I love and engaged to be married. I have never been happier and healthier."
Expert by experience

1 Ensure everyone using mental health services is offered help and advice with their money

Money and mental health problems are deeply connected, but how support services respond to them isn't – that needs to change. People with mental health problems are three times as likely to be in problem debt. Debt can make mental health symptoms worse and delay recovery.

But a lack of joined-up support is leaving many people at risk of facing entrenched, long-term difficulties with their mental health and finances. Not only is that harmful to the individuals concerned — it also results in greater strain on NHS services and public finances. To better join up mental health and money support, the next government should:

Ensure everyone receiving NHS Talking Therapies support is asked about their financial situation, and referred to money advice if they need it

NHS Talking Therapies is the flagship programme for treating mild to moderate mental health problems. But people getting this help are not routinely asked about their financial situation when they are initially assessed — a huge missed opportunity to help those struggling with their finances to get money advice. Our research has shown that asking everyone receiving talking therapies about their finances — and supporting them to get money or debt advice if they need it — could help an extra 27,000 people recover from mental health problems each year. It could also save the government and the NHS nearly £150m each year, by reducing demand on health services and helping more people with mental health problems thrive in work.

Allow more health professionals to sign off on Mental Health Crisis Breathing Space — and automatically offer this to everyone detained in hospital on a long-term basis

Under the Mental Health Crisis Breathing Space Scheme — launched in 2021 — everyone receiving mental health crisis care should have respite from having to deal with bills, bailiff visits and escalating fees on missed payments. The government predicted that 27,000 people would enter Mental Health Crisis Breathing Space in 2021-22, but just 3,300 people actually accessed this support in the first 32 months of the scheme.

Expanding the range of health professionals who can sign off on Mental Health Crisis Breathing Space would enable a much larger group of people to access this critical financial safety net. Currently, only a small group of qualified social workers, psychiatric nurses and psychologists can authorise this. The next government should extend this power to mental health nurses and healthcare assistants too. It should also automatically offer this scheme to people who are detained in psychiatric hospitals on a long-term basis, who are extremely unlikely to be able to engage with creditors, and often face serious financial problems when they are discharged. This would help around 11,000 more people access this vital financial lifeline each year.

"In the past when I was admitted to a mental health hospital, I lived alone and no one was getting the post. I missed a council tax payment and ended up receiving court summons. Not getting help with my finances also meant that I pushed myself to go back to work despite not being well enough... Financial problems definitely take a toll on your recovery from mental health problems."
Expert by experience

2 Protect people from the devastation caused by aggressive debt collection

The link between suicide and financial difficulty is strong. People in problem debt are three times more likely to have considered suicide than the wider population. The rising cost of living has made these issues particularly acute — one in four UK adults have felt unable to cope due to the pressure caused by soaring prices.

Suicide is complex, but our research has shown that aggressive debt collection practices by lenders and bailiffs can drive feelings of terror and despair, and act as a trigger for people becoming suicidal. It is well established that suicide rates often rise after a period of recession – and the increase in the latest figures suggests this may be happening now. The next government should take urgent action to:

Place clear limits on how often creditors contact people about missed payments

Nearly half of people who are behind on consumer credit payments say they feel harassed or overwhelmed by the volume of contact they receive from their creditors.¹ But unlike in other countries, there are no firm rules in the UK on how often lenders can contact people about overdue payments. Placing clear limits on how frequently creditors can contact people about missed bills would reduce the unnecessary distress this causes and make it easier for people to deal with money problems.

Regulate the bailiff industry

Research has shown that bailiffs have routinely broken government rules on debt collection during the cost of living crisis — from forcing their way into homes, to dismissing vulnerabilities such as disability or illness, or taking goods needed for work reasons. For too long, bailiffs have been able to harass and intimidate people with impunity because there is no independent regulator for the industry. The next government should put an end to the devastation that this aggressive behaviour causes by introducing statutory regulation for the industry, with real teeth to tackle misconduct by bailiffs.

“Phone calls, receipt of emails and letters demanding repayment sent my anxiety levels through the roof and increased the severity of my depression. When my debts were passed on to debt collection agencies, the negative impacts on my mental health were multiplied by 10 times. I made four serious suicide attempts as I could not see any other way out of the debts I had incurred.” Expert by experience

3 Remove barriers to work for people with mental health problems

The number of people who are 'economically inactive' — not in employment and not seeking work — is now at the highest level since 2012 and continuing to rise. A major driver of this rise is the increase in people unable to work due to long-term sickness, with one in four in this position attributing it to mental health problems.

This is not a new problem. But a lack of tailored employment support for people struggling with their mental health, and a risky financial cliff-edge which disincentivises work, are putting up barriers to employment. To tackle this the next government should:

Place a specialist mental health Work Coach in every Jobcentre

Our research has shown that Work Coaches too often fail to understand the impact of people's mental health on their ability to work. This leads to people being pushed down generic routes to prepare for work or into roles that just aren't possible to sustain.² The specialist mental health Work Coach would act as a leader across the Jobcentre on understanding mental health issues, as well as working with people who are in need of additional help. This would help more of us who struggle with our mental health to find rewarding, lasting employment.

"My experience was haunting - I didn't have the voice to explain my anxiety and mental health issues, which were compounded by the fact that I was then unemployed and had no money. But I remember the dread I felt when told I may have to retrain or take unpaid work." Expert by experience

Allow benefit awards to be restarted for up to one year to make taking a job less risky

If a job placement fails when someone tries to return to work, they are often required to reapply for benefits from scratch. This can be a long, exhausting process and can result in their benefits being lower than before they took the job — creating a disincentive for people to try work. Allowing people who enter work to retain a dormant benefit award for up to a year, which could be reactivated if their employment ends, would reduce barriers to work, cut assessment costs for the DWP and bring returns for the economy.

4 Protect disability benefits for people with mental health problems

People with mental health problems face an average income that's £3,500 lower every year than people without mental health problems.³ The practical impacts of having a mental health problem can also increase your outgoings. Doubling down on that existing inequality by cutting off disability benefits would be devastating. The next government should:

Protect Personal Independence Payment for people with common mental health problems

For many people with mental health problems, Personal Independence Payment (PIP) helps with the additional costs of disability — like paying for help at home when your symptoms leave you exhausted, or using taxis because public transport is too overwhelming. This can make the difference between having a clean and habitable home, being able to call on support when you need it, or living in disarray and increasing isolation. The next government should commit to protecting PIP to meet the additional costs of living with a disability, regardless of whether that's a mental or physical health problem.

Commit that no one will have their benefits cut off for struggling to navigate the move over to Universal Credit

Under current plans, by the end of this year the remaining 2.6 million households currently receiving 'legacy' benefits are expected to have moved onto Universal Credit. More than 850,000 people who are set to go through this 'managed migration' are known to have a mental health problem. Moving onto Universal Credit requires people to take several steps to set up their new account. But common symptoms of mental health problems, such as reduced concentration, increased impulsivity and difficulty communicating, will present huge barriers to people completing those steps, risking their benefits being cut off entirely. The next government should ensure that no one is left going hungry or living on high-cost credit because their mental health makes it impossible to navigate an inaccessible and bureaucratic system.

"I'm terrified of having to move over and I'm not sure why. Maybe it's the horror stories I've heard and the suicides that have happened after being left for weeks without no money, so no heat or food etc. I'm not the world's quickest person at responding so I'm scared I will run over time limits and I will get sanctioned before I've even made a claim." Expert by experience

Make it easier for people with mental health problems to get help with managing their Universal Credit claim

At least 1.6 million people in receipt of Universal Credit have a mental health problem.⁴ At least half of those people say they need help to manage their account, but less than 10% have actually managed to give permission for someone else to do so.⁵ To nominate someone else to help with a Universal Credit claim involves jumping through so many needless administrative hoops that people with mental health problems are essentially set up to fail, running the risk of having their benefits reduced or stopped altogether as a result. The next government should fix the system, making it easier for people to get support from friends and family to maintain their benefit claim.

5 Make financial services fair for people with mental health problems

When it comes to vital financial services like banking, credit cards and insurance, choosing the right product and making sure you're getting a good deal can be difficult at the best of times. But when you're struggling with your mental health, standard tasks like getting in touch with a firm or comparing prices can become an ordeal if the right help isn't in place. These added hurdles contribute to people with mental health problems typically paying as much as £1,550 more annually for key services.⁶

The difficulties people with mental health problems face in this essential market aren't inevitable. Only three in ten people with mental health problems say that essential service providers usually anticipate and meet their needs, as required under the Equality Act.⁷ When firms understand customers' situations and how their mental health affects them in practice, that leads to much improved outcomes. But too often, companies don't know what barriers people are facing, meaning that products and services don't match their customers' needs or aren't fair. That leads to the injustice of people being financially excluded by inaccessible systems or paying over the odds.

To boost financial inclusion and enable everyone, regardless of our mental health, to get fair treatment from financial services firms, the next government should:

Make insurance pricing and exclusions fair for people with mental health problems

Insurance gives us peace of mind when it comes to travel, our belongings and our income. But people with mental health problems can face much higher premiums and, in some cases, cannot access insurance at all. Through a mystery shopping exercise, we found people with conditions like bipolar disorder were frequently turned down for travel insurance or were charged up to 27 times more than a customer without a mental health problem.⁸ Firms are allowed to charge more where they face higher risk, but this must be based on accurate and up to date data.

These costs seem disproportionate, and the lack of transparency in how these decisions are made and what data is used contributes to low levels of trust in the industry. To restore that trust and boost financial inclusion, the next government should launch a review of the data and models firms use in pricing to ensure customers with mental health problems are getting a fair deal.

Commit to delivering a 'tell us once' system to boost financial inclusion for people with mental health problems

Financial services firms tailor their services for customers with additional needs all the time, providing letters in braille or Easy Read versions. But for those of us with mental health problems, telling an essential services firm about our condition or needs can be daunting. Only 14% of people with mental health problems have ever told their financial service provider about their condition and needs.⁹ A 'tell us once' system would remove the fear, uncertainty and bureaucracy from this process. It would mean a customer only has to share their needs

once, with that information then being shared between other organisations of the customer's choosing.

The next government should commit to delivering this powerful tool in partnership with people with first-hand experience of these issues. This would ensure those of us with mental health problems are more reliably and effectively supported by firms in financial services and in other essential markets like energy, water and telecoms.

"Anyone who isn't living with a mental health problem probably doesn't understand how vulnerable you have to get to tell somebody else that you've got a problem. it can feel like quite a risk because you don't know what the response is going to be. If I could just tell somebody once, I only have to get that courage summing up that courage a single time to speak to somebody I can trust, who they can make sure that everyone else knows. it would make a huge impact." Expert by Experience

A Mentally Healthier Nation

Money and Mental Health is also one of 65 organisations supporting [A Mentally Healthier Nation](#), which sets out ideas for a ten year cross-government plan for better prevention, equality and support for people with mental health problems.

Endnotes

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2. D'Arcy C. *Untapped potential*. Money and Mental Health. 2023.
3. Lees C and Stacey B. *Always on your Mind*. Money and Mental Health. 2024.
4. This figure is based on the 2007 Adult psychiatric morbidity survey in England finding that 1 in 4 people will experience a mental health problem of some kind each year. We have applied this to the 6,527,735 million people on Universal Credit as of February 2024, to assume that at least 1 in 4 of those (1,631,934) will be experiencing a mental health problem. However, this figure is likely to be an underestimate due to the over-representation of people with mental health problems on social security.
5. Fergusson R. *The Universal Credit system sets people up to fail: here's how we're making a difference*. Money and Mental Health. 2023.
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You can contact Money and Mental Health via: contact@moneyandmentalhealth.org
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