MONEY AND MENTAL HEALTH
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Authors: Conor D’Arcy and Helen Undy

Who’s in?

Financial inclusion that delivers for people with mental health problems

Summary

This paper highlights how people with mental health problems[1] are at greater risk of financial exclusion across all six pillars of the UK's Financial Inclusion Strategy. It draws on robust evidence and lived experience to show where systems are currently failing and how targeted action can improve access and outcomes for this group.

Mental health problems can make it harder to engage with digital services and manage day-to-day banking, especially when support options are poorly designed or hard to access. Many people also struggle to access affordable credit, or to control use of credit and spending in periods of poor mental health. In the insurance market, common conditions such as anxiety or depression often lead to inflated premiums or exclusion. For those in problem debt, aggressive and inaccessible debt collection processes can cause real harm, while the lack of joined-up support undermines recovery. A lack of tools to mitigate the impact of reduced financial capability in periods of poor mental health can leave people vulnerable to significant harm, and low savings leave many without a buffer when their income is disrupted by illness. Addressing these issues through inclusive design, innovation in products and services, and targeted action from regulators and government will be essential to ensuring the Strategy delivers for everyone.

People with mental health problems are core to the live debate around financial inclusion

Money and mental health problems often form a vicious cycle. Financial difficulty takes a toll on our mental health, and common symptoms of mental health problems can have a significant impact on financial capability – even when a person has a solid understanding of financial products and how to use them. Common symptoms include:

- Finding it harder to control impulses and leaving people prone to high spending or taking out credit that they otherwise wouldn't
- Reduced working memory and difficulty attention-switching, making it challenging to process financial information. This can also make it hard to remember login details or conversations with services, or to control spending[2]
- Reduced planning and decision-making abilities, making planning for the future or deciding between products difficult
- Low motivation, making all aspects of engagement with financial management trickier
- Difficulty communicating, particularly through some communication channels like on the phone or opening post. Three in four people with mental health problems struggle to engage with at least one common communications channel—such as telephone, post, or online—used by banks and other financial service providers.[3]

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[1] In defining mental health conditions, we broadly adhere to the conditions listed by the NHS.

[2] 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.

[3] 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.

Despite these challenges, only 14% of people with mental health problems have ever told their financial services provider about their condition.[4]

These factors contribute to people with mental health problems being at particular risk of financial exclusion:

- People with lasting mental health problems are nine times more likely to find it difficult to manage financially than people who have never had a mental health problem[5]
- Nearly half (46%) of people in problem debt also have a mental health problem[6]
- The typical annual income of people with mental health problems is £2,400 less than of people without mental health problems.[7]

Given that one in four of us lives with a mental health problem, efforts to boost financial inclusion will not be effective if they fail to recognise and address the specific challenges that this group faces. But the current moment provides a huge opportunity to deliver meaningful, positive change.

The government's Financial Inclusion Strategy

At the end of 2024, the UK government announced the launch of a Financial Inclusion Committee.[8] The Committee – composed of representatives from the financial services industry, government bodies, consumer groups and charities – was asked to "develop, coordinate and implement interventions to support financial inclusion in the UK." The importance of the experiences and outcomes of people with mental health problems was reflected in mental health being a cross-cutting theme in the Committee's work.

With financial inclusion being such a potentially broad topic, the Committee's work focused on six strands:

- Digital inclusion and access to banking services
- Affordable credit
- Insurance
- Problem debt
- Financial education and capability
- Savings

Following the Committee's exploration of these issues over the first half of 2025, the Economic Secretary to the Treasury and officials are drafting the government's Financial Inclusion Strategy, which is expected to be published before the end of the year.

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[4] 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.
[5] Lees C and Stacey B. Always on your mind: Preventing persistent money and mental health problems. Money and Mental Health Policy Institute. 2024.
[6] McManus S, Bebbington P, Jenkins R and Brugha T. Adult Psychiatric Morbidity Survey: Survey of Mental Health and Wellbeing, England, 2014. [online] Leeds: NHS Digital. 2016.
[7] Lees C and Stacey, B. Always on your mind: Preventing persistent money and mental health problems. [online] Money and Mental Health Policy Institute. 2024.
[8] https://www.gov.uk/government/news/help-for-vulnerable-brits-to-access-banking-and-credit-in-spotlight

To help inform debate around what should be in the Strategy, this paper presents the experiences and insights of people with mental health problems in relation to each of the six strands. We also identify the opportunities to ensure the Strategy boosts the financial inclusion of people with mental health problems. While we support a wide range of proposals that other organisations feeding into the Financial Inclusion Committee have made, here we focus on those where there is particularly clear evidence on the specific challenges faced by people with mental health problems, and the case for action.

Throughout, the paper draws on the insights of Money and Mental Health's Research Community, a group of over 5,000 people who all have personally experienced a mental health problem or have been a carer for someone who does.

> *"I can't see a way out of the cycle. I can't afford to pay more off our debts so they keep mounting. I can't be accepted for low or zero interest finance so I can't see a way forward. It is all-consuming which in turn makes me very anxious and depressed."*
>
> Expert by experience

Digital inclusion and access to banking services

People with mental health problems face a range of symptoms that can affect financial capability and make accessing essential services harder. As highlighted above, three-quarters (76%) of people who have experienced mental health problems have serious difficulties engaging with at least one common communication channel.[9] Struggles with phone calls are particularly common, with more than half (54%) of people who have experienced mental health problems saying they have serious difficulties using the telephone, as well as one-third (32%) of those without mental health problems.[10]

> *"I get panic attacks using the phone, so trying to sort a problem or make a complaint is impossible and the anxiety is overwhelming. I have to ask my husband to do it for me, which isn't always an option."*
>
> Expert by experience

But online journeys can present significant barriers too. People 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.[11] Many people with mental health problems struggle to understand information they receive from essential service providers, particularly when they're acutely unwell, or when information contains jargon or data that isn't presented in a meaningful way.[12]

Carrying out everyday banking tasks can also be made challenging by common symptoms of mental health problems. For some, online banking and card or contactless transactions make managing their finances and budgets overwhelming when unwell. And while many banks and building societies offer ways that a trusted friend or family member can help someone stay on top of their finances when experiencing poor mental health, three in ten (30%) research participants felt that current third party access options are unsuitable for them.[13]

Recommendations

Essential services should take into consideration the needs of people with mental health problems when designing their services, to ensure that they are accessible and can deliver good outcomes for this group. Despite the inclusive design being a requirement for financial services firms under the Financial Conduct Authority's (FCA) Consumer Duty, when the regulator reviewed implementation of the Duty it found that the embedding of inclusive design across the sector was a key area of weakness.[14]

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[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] 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.
[11] Ibid.
[12] Ibid.
[13] Bond N, Evans K and Holkar M. A little help from my friends: Tools to support financial decision-making for people with mental health problems. Money and Mental Health Policy Institute. 2019.
[14] https://www.fca.org.uk/publications/multi-firm-reviews/firms-treatment-vulnerable-customers

To address this, **inclusive design principles** that are based on a strong understanding of the needs of customers with mental health problems should be applied across financial services. To ensure this delivers tangible and consistent change across the sector, it should be co-ordinated by UK Finance as the leading trade body for banking, with clear goals agreed up front. Assessing the current landscape, we believe the following would be achievable milestones by the end of 2026 that would begin to make an immediate difference for the millions of customers with mental health problems:

- A review of digital products against recognised inclusive design frameworks
- Publication of an Inclusive Design Commitment Statement – a joint statement from financial services firms acknowledging the importance of inclusive design and committing to specific actions to embed this in their work
- An annual public benchmarking of design accessibility.

To provide drive and visibility, a yearly progress report with firm-level transparency on who is acting – and who isn't – should be published by UK Finance. HM Treasury should also help to provide encouragement and accountability by endorsing and monitoring the initiative, with scrutiny of the annual progress reports.

Looking ahead to 2027, at that point the government should:

- Assess whether voluntary industry action has delivered meaningful change
- Consider introducing mandatory inclusive design standards for regulated firms if progress is insufficient
- Encourage the FCA to do a focused report on how inclusive design is being considered as part of Consumer Duty compliance reviews.

In addition to the inclusive design of existing services, particular tools and functionalities – such as spending controls and carers cards – can ensure that digital banking delivers good outcomes for customers with mental health problems. Without these tools, many people have negative experiences of digital banking, and choose to disengage as a result. **Work should be carried out by UK Finance to identify a 'core inclusion offer' that should be available from every bank, with HMT and FCA oversight to then roll this out across UK financial services**.

The development of inclusive design principles and tools should be deeply shaped by user testing by people with mental health problems and people who experience other drivers of vulnerability, as well as engagement with organisations representing those user groups.

Affordable credit

In addition to general low levels of financial resilience, which can lead to greater reliance on credit, people with mental health problems can also experience particular problems accessing and using credit as a result of their symptoms. Mental health conditions can influence spending behaviours and financial management.

During periods of poor mental health, many people find they make impulsive financial decisions or avoid financial responsibilities altogether. For instance, 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.[15] This can lead to credit histories becoming damaged, making it harder to access affordable credit going forward. Lenders may use automated systems that don't consider health-related reasons for poor credit scores, leading to rejections or high-interest offers. In some cases, people may turn to high-cost credit, like payday loans, worsening financial stress. This creates a cycle where those in need of support face exclusion rather than assistance.

> *"I became unwell with psychosis. I ended up owing thousands, everything from water to phone bills. My credit rating is now terrible and it has impacted on my future despite me being well now."*
>
> Expert by experience

The importance of access to affordable credit for this group is clear. People with mental health problems are 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%).[16]

But headline interest rates or repayments are not the only consideration when it comes to accessible, appropriate credit. While the majority of people with mental health problems say 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.[17] Difficulties people experienced included problems weighing the advantages and disadvantages of the product or understanding key terms and conditions like repayment details. Nearly four in ten (38%) people with mental health problems agreed that it was difficult to remember details about the credit product when making the decision and nearly one in three (31%) said they struggled to weigh up the advantages and disadvantages.[18]

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[15] 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.

[16] Ibid.

[17] Ibid.

[18] Holkar M, Lees C and D'Arcy C. Safety net: Breaking the link between online financial harms and mental health problems. Money and Mental Health Policy Institute. 2021.

Recommendations

We support initiatives to **increase access to truly affordable credit** which, while not specific to people with mental health problems, will disproportionately benefit this group who are less likely to have savings to turn to in an emergency.

The inclusive design principles discussed in relation to digital inclusion and access to banking should also explore what **tools or principles should be introduced to ensure that all customers understand what they are signing up for** and can make informed decisions.

Another way in which the inclusive design principles could benefit people with mental health problems is when it comes to allowing people to put in place additional protections. The reduced impulse control that comes with mental health problems can leave some people borrowing money against their own best interests in a way that they would not want to when they are well. As well as providing **spending controls**, such as placing caps on total or certain categories of spending, an option to add **a 'don't lend to me' flag** to an account can help people to avoid financial difficulty in periods of acute poor mental health.

The use of open banking should be also expanded to get a more rounded picture of people's creditworthiness and enable lending to people with thin or poor credit files.

Insurance

People with mental health problems have lower typical incomes and poorer financial resilience, so insurance can make a transformative difference when they face unexpected costs or loss of income. Without access to insurance, many people with mental health problems report going without heating or cutting back on food when they are off work sick.[19]

Despite this additional need, access to some forms of insurance can be limited due to mental health conditions making premiums prohibitively expensive, particularly for travel and protection products which have health-based underwriting criteria. Through a mystery shopping exercise – testing 15 travel insurance providers including small, large and specialist firms – we found that a 'customer' with severe bipolar disorder was turned down by 9 providers.[20] When cover was offered, the price quoted was 6 to 27 times higher than that quoted to a customer without a mental health problem, risking leaving many people unable to afford cover.

Grouped income protection can be transformative for people with mental health problems who benefit from pooled risk, making protection products affordable. However, these are primarily only available through large employers, and not to the millions of people working for smaller employers, or those who are self-employed and in the gig economy.[21]

As well as the potential financial risk, being priced out of, or even excluded from, insurance products is leaving people experiencing significant distress. The lack of transparency in how decisions are made is also contributing to low levels of trust in the industry. We heard from research participants who felt as though they are being discriminated against by insurers.[22] Sometimes this resulted in a reluctance to disclose their condition to their provider for fear of unaffordable premiums or declines.

> *"The increased price is making it hard for me to manage to cover everything I have to pay out a month ... [the premium] makes a significant dent in my finances."*
>
> Expert by experience

[19] Bond N and Braverman R. Too ill to work, too broke not to: the cost of sickness absence for people with mental health problems. Money and Mental Health Policy Institute. 2018.
[20] Lees C. Written Off? Making insurance work better for people with mental health problems. Money and Mental Health Policy Institute. 2023.
[21] Bond N and Braverman R. Too ill to work, too broke not to: the cost of sickness absence for people with mental health problems. Money and Mental Health Policy Institute. 2018.
[22] Lees C. Written Off? Making insurance work better for people with mental health problems. Money and Mental Health Policy Institute. 2023.

Recommendations

The FCA should conduct a review of the data used to inform travel insurance underwriting decisions in relation to people with pre-existing mental health conditions. The review would identify data gaps, as well as areas where more accurate understanding of mental health conditions could lead to a more accurate assessment of risk. For example, this could include identifying where separate conditions that are currently treated the same in terms of the risk they are deemed to present should in fact be considered and assessed differently. It should also identify routes to fill those evidence gaps. Leadership from trade bodies, like the Association of British Insurers (ABI) – the trade body for the insurance sector – on this issue would also be helpful in building and sharing understanding both within the industry and for consumers. HM Treasury should also play a role adding accountability, for instance through monitoring progress and convening key stakeholders to discuss findings.

This is likely to make travel insurance more affordable for some people with mental health conditions. For those with more severe conditions where pricing may remain high, **social policy engagement with the government** will be needed to establish solutions, which could include targeted subsidies.

Work should also take place to identify other groups which could be created to pool risk as **new markets for grouped income protection products**, with a particular focus on small and medium-sized employers, self employed people and the gig-economy. Product innovation in these new markets would need to take place alongside policy and regulatory discussions to explore how to keep pricing at a level that means products would be affordable and take-up high enough to make the offer sustainable for firms.

Problem debt

In England alone over 1.5 million people are experiencing both problem debt and mental health problems.[23] When it comes to engaging with creditors, common symptoms such as low self esteem and memory problems mean people with mental health problems can find it harder to navigate complex, opaque and overwhelming collections processes. As a result, people can become trapped in debt collection systems, and are overrepresented in the latter stages of debt collection. Nearly three quarters (73%) of people who are in arrears and contacted by a bailiff have a mental health problem.[24]

Rather than effectively encouraging people to engage and work to get back on track with payments, existing processes instead require people to navigate unsympathetic, complex and inflexible systems, often driving them further away. People are often left feeling too panicked to reach out, too powerless to advocate for themselves, and too strained to effectively negotiate an affordable and sustainable repayment plan. Further, additional charges and fees only make repayment or staying out of future arrears more difficult. 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.

When it comes to getting help with debts, it's important to make the most of every touch point that people have with services to identify those who are struggling and support them to access help. The very high prevalence of problem debt amongst those with mental health problems means that mental health services are an ideal opportunity to routinely screen and signpost, but this is an opportunity that is largely missed - despite also bringing the potential to improve mental health recovery rates.[25] We found that only 28% of people with mental health problems report being asked about their finances by a health or social care professional.[26]

> *"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."*
>
> Expert by experience

[23] McManus S, Bebbington P, Jenkins R and Brugha T. Adult Psychiatric Morbidity Survey: Survey of Mental Health and Wellbeing, England, 2014. Leeds: NHS Digital. 2016.
[24] Murray T and Smith F. In the public interest? The psychological toll of local and national government debt collection practices. Money and Mental Health Policy Institute. 2024.
[25] Acton, R. The Missing Link: How tackling financial difficulty can boost recovery rates in IAPT. Money and Mental Health Policy Institute. 2016.
[26] The facts. Money and Mental Health Policy Institute. [Accessed: 01/09/2025]

Recommendations

A set of **shared standards should be developed and mandated across all forms of debt collection**, including principles around the acceptable speed of escalation of debt collection, use of accessible communication channels and frequency of communication.

Government itself is a major creditor. The Government Debt Management Function - which oversees debt collection carried out by public bodies - should work with all public sector creditors to implement a **mandatory pre-action protocol** that protects people with mental health problems and others in vulnerable circumstances from harm, before escalating debt collection.[27]

When it comes to debt advice, the government's 10 year strategy for health announced that debt advice will be integrated into Neighbourhood Health Centres. This brings significant opportunities to increase access to debt advice. HM Treasury should work with the Department of Health and Social Care to review where **inquiries about people's finances could be appropriately built into care pathways** (particularly in mental health) to make sure that those who would benefit are identified and supported into debt advice – making the most of these new co-located services. The Neighbourhood Health Services are also an opportunity to ensure that people are connected into the most appropriate debt advice for them – including access to face-to-face and community-based approaches to debt advice, which can be particularly vital for people with mental health problems.

[27] Smith F and Murray T. Nothing personal: exploring the psychological harm of national government debt collection. Money and Mental Health Policy Institute. 2025.

Financial education and capability

Good financial education in schools can build the foundations of financial capability that we all need to make good decisions in adult life. However, financial education alone is not enough to build financial capability for people with mental health problems. As discussed above, symptoms of mental health problems such as impulsivity, reduced working memory and difficulty communicating can have a significant impact on financial capability – even when a person has a strong understanding of financial products and how to use them.

> *"I get ideas in my head and feel as though they are the best ideas ever, I think that taking another loan to pay existing loans will help when actually it makes things worse."*
>
> Expert by experience

Recommendations

Work should be undertaken to explore how to **integrate supportive and accessible information to educate people about financial products and support informed decision-making at key moments**, such as taking out credit or remortgaging.

In line with the recommendations in the digital inclusion and access to banking strand, inclusive design principles and a core inclusive offer should be developed for all financial services, to ensure that people experiencing reduced financial capability as a result of their mental health are still able to access and get a good outcome from essential services. This should include tools like optional spending controls and **third party access** to help to avoid financial harm when financial capability is impaired.

Savings

People with mental health problems are less likely to have savings to fall back on in periods of reduced income or unexpected expenditure. Lower typical incomes make it harder to save and the symptoms of mental health problems can cause impulsive spending, resulting in savings pots being depleted in periods of illness. This is despite the fact that people with mental health problems are more likely to need to rely on savings due to periods of workplace sickness absence, driving loss of income, or needing to pay to access private mental health treatment when NHS waiting lists are prohibitively long.

Three in ten people with mental health problems (29%) reported that they would only be able to make ends meet for less than a month if their household lost its main source of income.[28] This was double the rate of people who had never experienced a mental health problem (14%).

Many people with mental health problems report that their spending patterns and ability to make financial decisions change significantly during periods of poor mental health.

National polling of people with mental health problems found that, while unwell, six in ten (63%) people found it harder to make financial decisions, 42% put off paying bills and 38% took out a loan that they would not otherwise have taken out.[29]

Another common symptom of many conditions is difficulty thinking clearly and making decisions. That can lead to people who do have some money set aside getting stuck on very low interest rates. When you're struggling to do daily basics, comparing different products and opening a new account can feel immensely difficult and not a priority. But over time the cost of missing out on good deals can rack up.

Our mental health can also affect the way we think about the future. The fear of having to take time off work and the value of easily accessible savings could put people off using fixed-term savings products, investments or contributing to a pension – all of which can leave you better off in the long run. We've also heard how people avoided saving too much, in case it meant they weren't entitled to benefits when they needed them.

> "For me it would be good if the banks actually monitored... if I start closing down my ISAs and suddenly taking out large sums of money from my deposit account, that should be alarm bells to somebody."
>
> Expert by experience

[28] Bond N and D'Arcy C. Income in crisis: How the pandemic has affected the living standards of people with mental health problems. Money and Mental Health Policy Institute. 2020.
[29] 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.

Recommendations

Implementing **payroll savings schemes that are opt-out**, rather than opt-in, would particularly benefit people with mental health problems who may struggle with planning for the future, navigating online systems to opt-in, or completely disengage from financial management in periods of poor health. Ensuring that the 'default' option for people who disengage is one that benefits rather than causing harm could significantly help with increasing financial resilience.

The government should **better publicise and widen participation in Help to Save**.

The FCA should **ensure financial services firms are delivering fair value for savers**, notifying people when better rates are available and making it easier to switch, particularly for consumers who struggle to proactively manage their finances.

As part of the standard 'core inclusive offer' discussed above, banks should offer tools like spending controls or third party involvement to help people to stay in control of their finances and not spend through savings when they're unwell.

Conclusion

This paper has detailed how people with mental health problems face barriers to financial inclusion that trap them in cycles of debt, exclusion, and worsening mental health. With millions of people in the UK encountering these issues each year, a failure to address their needs will mean the Financial Inclusion Strategy can only have limited impact. Right now, we have a government who is engaged on this issue, a new strategy emerging, driven by a group of senior figures who can command support in their respective corners of industry. These moments don't come around often. When we look back in five years' time, the change brought about by this new national strategy must be obvious – we must be able to point to big commitments that have led to better financial outcomes for people with mental health problems.

Making progress will require co-ordinated action across government, regulators and industry. But another key player in the next steps for this work must be those people with mental health problems themselves. Their voices must continue to shape how these recommendations are implemented and assessed to ensure this work truly provides them with the chance to be financially included.

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