

Financial Inclusion Annual Monitoring Report 2022: Results from a survey of adults in Great Britain

Adele Atkinson, University of Birmingham.

Stephen McKay, University of Lincoln.

Karen Rowlingson, University of York.

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Naturally, none of these individuals or organisations has any responsibility for the analysis conducted or conclusions drawn.



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2 Introduction

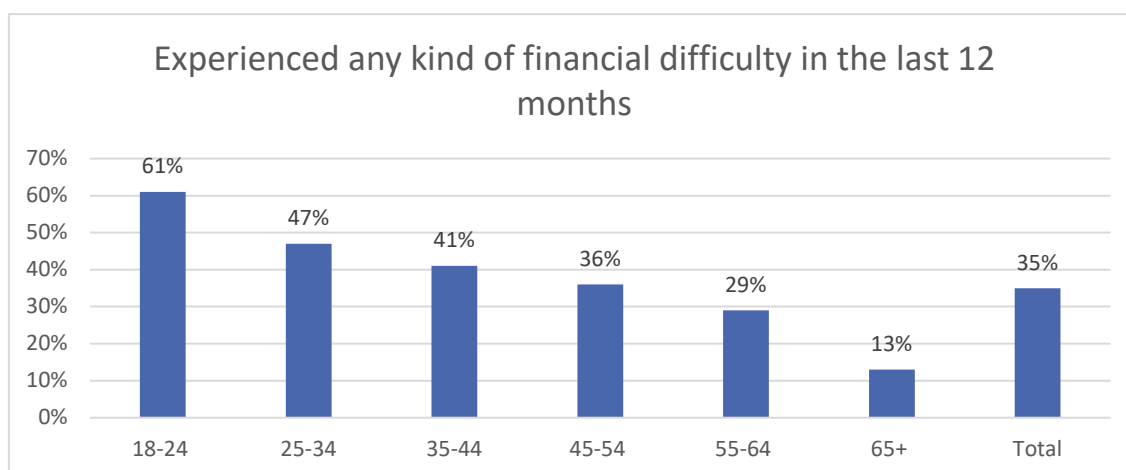
This briefing paper reports the findings of a specially commissioned survey developed to supplement the tenth [Financial Inclusion Monitor](#), published on the 6 December 2022.

In order to gather up-to-date information on how people were managing financially, their experiences over the previous year and their views on various potential policy responses, we commissioned Ipsos to include questions on a telephone omnibus survey. Data was collected from a representative sample of GB adults aged 18+, with fieldwork running from 28 September to 4 October 2022 (we describe this as the [Ipsos](#) survey in the rest of this document). At the time of fieldwork the ‘cost of living crisis’ was a key issue, with further price rises looming, and there was significant economic uncertainty following Kwasi Kwarteng’s mini budget on 23 September 2022.

3 Experiencing a financial difficulty

Respondents were asked whether they had experienced ‘any kind of financial difficulty’ in the period from the end of September 2021 until ‘the time of the interview’. Over a third (35%) reported that they had (Figure 3.1).

Figure 3.1 Percentage reporting that they had experienced any kind of financial difficulty in the last 12 months, by age



Question: Please think about the time from the end of September 2021 until now. So, thinking about the past 12 months, have you experienced any kind of financial difficulty?

Base: 1,005 GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

There is no significant variation in the likelihood of having experienced a financial difficulty by gender or work status, but there are differences by other socio-demographic factors, as reported below (and arranged in alphabetical order).

3.1 Age

Respondents aged 65+ were far less likely than others to say they had experienced a financial difficulty in the past 12 months (13%). In contrast 61% of 18-24s, 47% of 25-34s, 41% of 35-44s, 36% of 45-54s and 29% of 55-64s reported such an experience.

3.2 Education

Adults with A levels or equivalent as their highest level of education (44%) or no formal qualifications (50%) were significantly more likely than those with a degree (30%) to have faced a difficulty in the past 12 months.

3.3 Ethnicity

More than half of all Black, Asian and minority ethnic respondents reported a financial difficulty in the past 12 months (56%), compared with 32% of those who identified as White.

3.4 Household composition

44% of households with children reported a financial difficulty in the past 12 months, compared with 31% of other households. Just under a quarter of respondents classified as married (or living as married) had faced a financial difficulty (24%) compared with 53% of those who were single and 41% of people who were widowed, separated, or divorced.

3.5 Housing Tenure

People living in rented accommodation were far more likely to say they had experienced a financial difficulty (62%) than those who owned their property outright (16%) or with a mortgage (28%).

3.6 Income

Over half of respondents in the lowest annual household income band (less than £25,000) had experienced a financial difficulty in the past 12 months (51%), compared with 37% of those with incomes between £25,000 and £49,999 and 20% of those with household incomes of £50,000 or more.

3.7 Indices of deprivation (ID)

There was a significant difference in the percentage of people reporting that they had experienced a financial difficulty by ID quintiles¹. 52% of those in the lowest quintile had had such a difficulty, compared with 35% in the second quintile, 37% in the middle quintile, 26% in the fourth, and 23% in the highest.

3.8 Region

Adults in the South were less likely than others to have experienced a financial difficulty. 26% of those in the South had done so, compared with 36% in the Midlands, 37% in the North, and 40% in both Scotland and London.

3.9 Social grade

Whilst 18% of adults classified as social grade AB/professional grades reported having experienced a financial difficulty, this was significantly lower than in other grades (34% in C1/clerical, 35% in C2/skilled-manual and 52% in DE/semi-skilled and unskilled).

4 The impact of financial difficulties

Amongst the 35% of participants who reported that they had experienced some kind of financial difficulty since September 2021, 75% reported that it affected their mental health, and 46% said

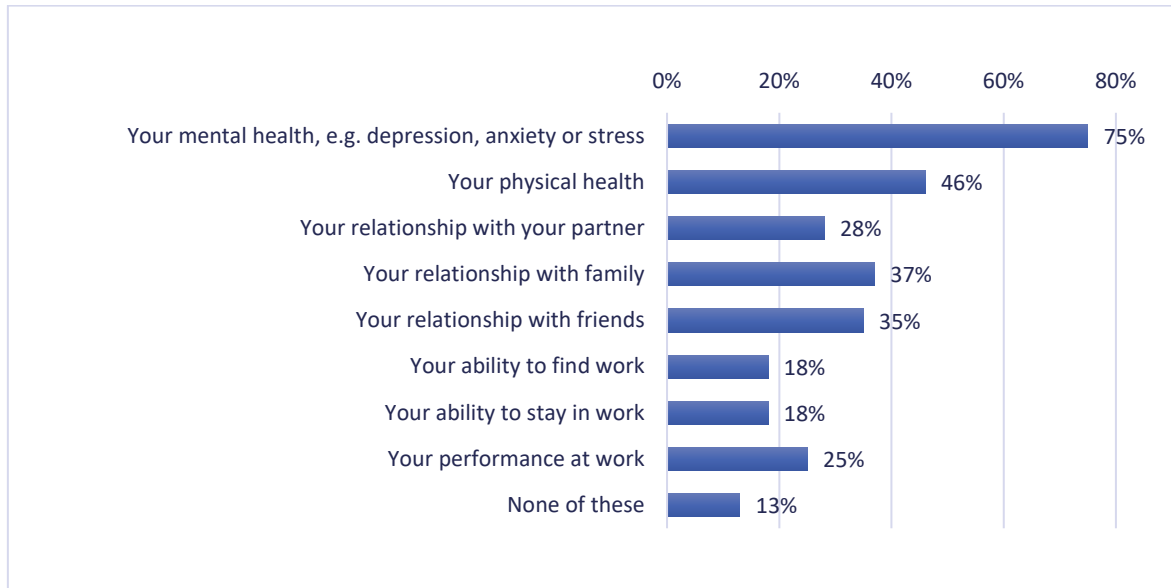
¹ ID classifications are described in the Appendix.

that it affected their physical health. 28% said it affected their relationship with their partner, whilst 37% said that it affected their family relationship, and 35% their relationship with friends.

Some of these respondents said that financial difficulties affected their ability to find work (18%), stay in work (18%) or their performance at work (25%).

Whilst the effects of financial difficulties appear to be relatively broad, 13% of people who had experienced a financial difficulty reported that this had not affected them in any of the ways listed (see Figure 4.1).

Figure 4.1 Aspects of life affected by financial difficulties



Question: And which, if any, of the following have these financial difficulties affected?

Unweighted base: 347 respondents reporting a financial difficulty GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

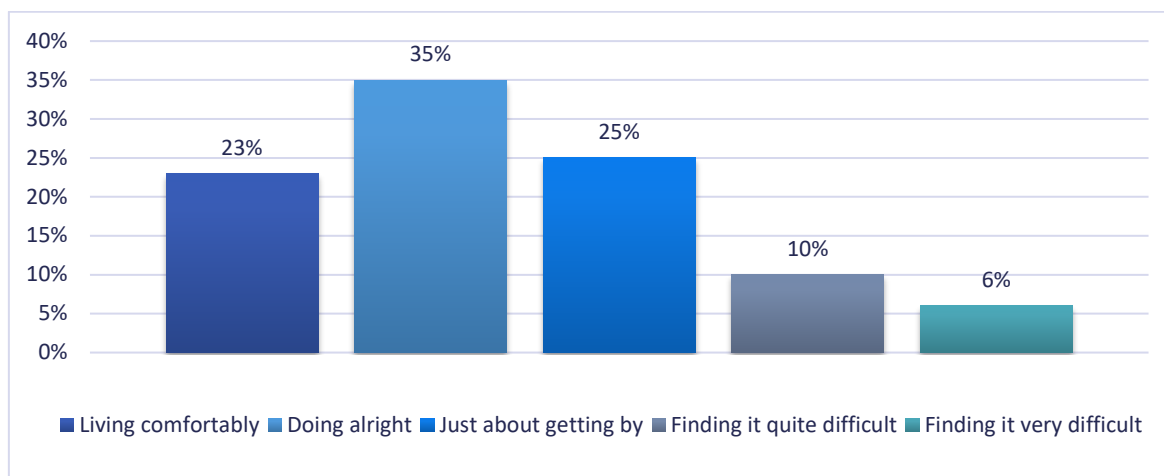
There are relatively few significant differences between the extent to which people reported some effect on health (i.e. 81% chose at least one of the two health-related options), relationships (i.e. 54% chose at least one of the three relationship-related options) or work (i.e. 37% chose at least one of the three work-related options). Those aged 25-34 were most likely to select one or more of the two health-related options (88%), significantly higher than amongst 18-24 year-olds (73%).

Adults aged 25-34 or 45-54 (60%), were more likely than those aged 55-64 (38%) to select one or more of the three relationship-related options (i.e. with a partner, with family or with friends). People in rented accommodation were more likely to select one or more of these three answers (62%) than those who owned their property outright (33%). Single adults were more likely to select one of the three work-related answers (42%) than those who were widowed, single or divorced (25%).

5 Finding it difficult to manage, financially

Whilst many adults were still living comfortably (23%) or doing alright (35%), a worrying proportion (16% of adults in GB) were finding it quite (10%) or very (6%) difficult (Figure 5.1).

Figure 5.1 The extent to which people are living comfortably or finding it difficult, financially



Question: How would you say you are managing, financially, at the moment? Would you say you are...
Base: 1,005 GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

There are no significant differences in the extent to which people were finding it difficult by gender, government office region or the presence of children in the household. The extent to which people in other socio-demographic groups reported finding it difficult is discussed below. For this section, those selecting either “living comfortably” or “doing alright” are referred to as either “managing well” or “managing”. Those selecting either “finding it quite difficult” or “finding it very difficult” are termed “struggling”.

5.1 Age

Adults aged 65 and above are significantly more likely to be managing well than other age groups (70% vs. between 48% and 57% for the other age bands surveyed), and significantly less likely than other age bands to be finding it quite or very difficult (8% vs. between 17% and 20% for the other age bands surveyed).

5.2 Education

People with degree level education or above are more likely to be managing (64%) than those with A levels (51%) or no formal qualifications (39%), whilst the proportion of those with no formal qualifications are struggling (24%) is twice that amongst those with degrees (12%).

5.3 Ethnicity

White respondents were more likely to be managing (60%) than Black, Asian or minority ethnic respondents (45%), and less likely to be struggling (14% compared with 25%).

5.4 Household composition

A significantly smaller proportion of adults in households with children are reporting that they are managing (49%) than is the case in other households (61%), whilst those who are married or living

as married are more likely to be managing (69%) than those who are single (45%), widowed, divorced or separated (39%). Those who are married or living with a partner are significantly less likely to be struggling (9%) than single respondents (23%) or those who are widowed, divorced or separated (27%).

5.5 Housing tenure

There are very large differences in the proportions of people managing (i.e. selected “living comfortably” or “doing alright” at this question) by housing tenure. Whilst 75% of those who own their own home outright and 67% of those who have a mortgage on their home report that they are managing, only 30% of tenants do so. 30% of tenants are struggling (i.e. selected “finding it quite difficult” or “finding it very difficult” at this question), compared with 8% of owners and 9% of those with a mortgage.

5.6 Income

79% of people in households with an income of £50,000 or more are managing, compared with only 38% of people in households with less than £25,000 and 56% of those in the band between the two (i.e. 25,000 to £49,999). Just 6% of those in higher income households reported that they were struggling (i.e. selected “finding it quite difficult” or “finding it very difficult” at this question) – this increases to 31% for those in the lower income households. 12% of people in households with income between £25,000 and £49,999 reported that they were struggling financially (i.e. selected “finding it quite difficult” or “finding it very difficult” at this question).

5.7 Indices of deprivation

The indices of multiple deprivation show significant differences in managing financially, with over three quarters of those in the highest quintile managing (77%), compared with only 42% of those in the lowest quintile, 57% in the second quintile, 55% in the third and 64% in the fourth. Only 7% of those in the highest quintile were struggling (i.e. selected “finding it quite difficult” or “finding it very difficult” at this question), compared with 26% in the lowest, 16% in the second and 17% in the third.

5.8 Social grade

People classified as social grade AB/professional are significantly more likely to be managing (78%) than those in other grades (with C1, C2 and DE ranging between 34% and 60% in terms of the proportion selecting “living comfortably” or “doing alright” at this question). People in C1/clerical grade are significantly more likely to report struggling (14% selecting selected “finding it quite difficult” or “finding it very difficult” at this question) compared with those classified as social grade AB (7%). Social grade DE respondents were more likely than any other social grade tier to select “finding it quite difficult” (17%) or “finding it very difficult” (15%) at this question, with 32% of DE respondents doing so compared with between 7% and 14% across the other social grades.

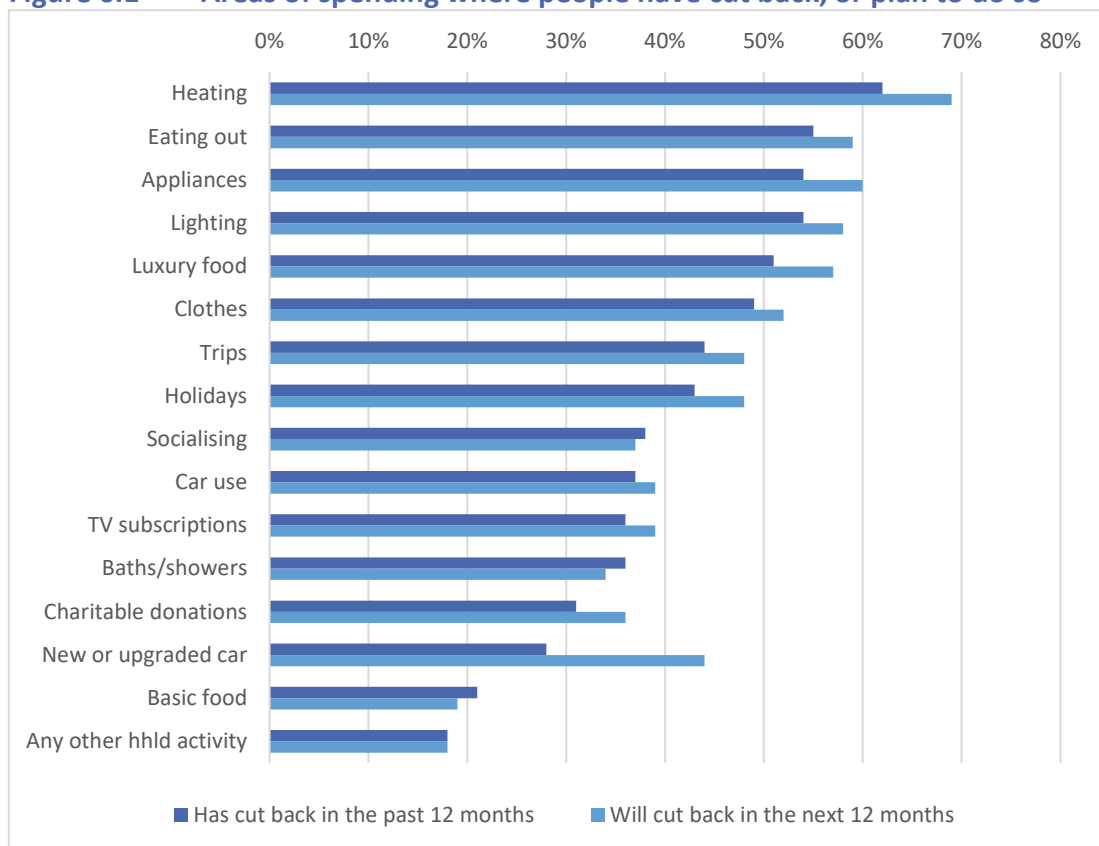
5.9 Work status

Significant differences in the ability to manage financially are observed when answers are compared by working status, with 20% of those who are not working reporting that they are struggling, compared with 13% of those in full time work.

6 Cutting back on various expenses

Our data from the Ipsos survey show many participants had already been cutting back on their purchases over the past 12 months, and many more expected to do so in the next 12 months (Figure 6.1). In particular, some 69% expected to cut back on heating, to save on gas, electricity or oil, in the next 12 months, with 62% saying they had already done so in the previous 12 months. Cutting back on eating out is also common; 55% had done this in the previous 12 months and 59% expected to do so in the next 12 months. 28% had cut back on buying a new car or upgrading existing cars, whilst 44% expected to cut back on this expense in the next 12 months. One in five (21%) had been cutting back on buying basic food items, with a similar proportion planning to cut back in this area next year (19%).

Figure 6.1 Areas of spending where people have cut back, or plan to do so



Questions: Which of the following, if any, have you cut back on in the past 12 months to save money?, And which of the following, if any, will you cut back on in the next 12 months to save money?

See appendix for exact options given at these two questions.

Base: 1,005 GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

There is no statistically significant difference in the extent to which people reported that they:

- Had cut back on basic food items by gender or government office region. There is also no difference by children in household.
- Will cut back on basic food items by gender, age, government office region or working status, the presence of children or ethnicity.

- Had cut back on heating by work status, social grade, children in the household, marital status or ethnicity. Neither are there differences by indices of multiple deprivation.
- Will cut back on heating by government office region, education, children in the household, marital status, or ethnicity.
- Had cut back on the use of appliances by government office region, work status, education, the presence of children or ethnicity. There is also no difference by indices of multiple deprivation.
- Will cut back on the use of appliances by government office region, work status, education or ethnicity.

There are, however, some significant differences in the ways people anticipate they will cut back in the next 12 months and say whether they have already cut back in the past 12 months, according to other socio-demographics and financial circumstances. The discussion below focuses on statistically significant differences relating to cutting back basic food items, heating and power use.

6.1 Age

Adults aged 55-64 and above were most likely to have cut back on basic food items (24% had done so), compared with 14% of those aged 35-44.

Those aged 25-34 (67%), 45-54 (67%) and 55-64 (68%) were the three most likely age bands in the survey to have cut back on heating (to save on gas, electricity or oil) in the past 12 months, and are significantly more likely to have done so than young people aged 18-24 (53%). Adults in the 25-34 (75%) and 55-64 (71%) age bands were also more likely than those aged 65+ (60%) to believe that they will cut back on heating in the next 12 months.

Adults aged 55-64 were most likely to cut back on the use of appliances to save electricity (62%), and significantly more likely to do so than those aged 18-24 (47%), 35-44 (50%) or 65+ (51%).

Those aged 18-24 (62%), 25-34 (71%), 45-54 (61%) and 55-64 (66%) were all significantly more likely to report that they will cut back on the use of appliances to save electricity in the next 12 months than those aged 65+ (49%).

6.2 Education

A larger proportion of those with no formal qualifications had cut back on basic food items (38%) in the past 12 months than is the case amongst those whose highest level of education is or is equivalent to GCSEs (23%), A levels (22%) or degrees (15%). 30% of those without formal qualifications said they will cut back on basic food items in the next 12 months, compared with 15% of those with a degree.

The largest proportion saying they had cut back on heating, to save on gas, electricity and oil is found amongst those with at least degree level education (65%), compared with 55% of those with GCSEs or equivalent.

6.3 Ethnicity

27% of people who identify as Black, Asian or minority ethnic had cut back on buying basic food items in the past 12 months, compared with 20% of people identifying as White.

6.4 Gender

Women were more likely than men to have cut back on heating (to save on gas, electricity or oil) in the past 12 months – 68% of women compared with 56% of men said they had done so. They

were also more likely to report that they will cut back on heating in the next 12 months (73% of women compared with 64% of men).

60% of women and 48% of men reported cutting back on the use of appliances to save electricity in the past 12 months. A larger proportion of women (67%) than men (53%), also reported that they will cut back on the use of appliances in the next 12 months.

6.5 Household composition

Households with children (66%) were more likely than those without children (58%) to report that they will cut back on the use of appliances in the next 12 months.

Those who are widowed, divorced or separated were most likely to have cut back on basic food items (39%) in the past 12 months, compared with 14% of those who are married or living with a partner and 23% of single respondents. Widowed, divorced and separated respondents (27%) and those who were single (24%) were significantly more likely than those who are married or living with a partner (14%) to report that they will cut back on such food in the next 12 months.

Widowed, divorced and separated adults (61%) and those who were single (59%) were more likely to have cut back on the use of appliances (to save electricity) than couples (50%), whilst single households are most likely to report that they will cut back on appliance use in the next 12 months (67%, compared with 56% of those married/living as married).

6.6 Housing tenure

35% of tenants had cut back on basic food items in the past 12 months, compared with 14% of people who own their property outright and 13% of those with a mortgage. Similarly, 31% of tenants reported that they will cut back on such food in the next 12 months compared with 13% of people who own their property outright and 13% of those with a mortgage.

70% of tenants had cut back on heating (to save on gas, electricity or oil) in the past 12 months, compared with 57% of people who own their property outright and 61% of those with a mortgage; tenants and those with a mortgage were equally likely to report that they will cut back on heating in the next 12 months (74%), compared with 60% of those who own their home outright.

Similarly, 65% of tenants had cut back on the use of appliances (to save electricity) in the past 12 months, compared with 48% of people who own their property outright and 49% of those with a mortgage. Those who owned their home were significantly less likely to report that they will cut back on appliance use in the next 12 months (48%) than either those who have a mortgage (62%) or live in rented accommodation (73%).

6.7 Income

Just 8% of people in households with an income of £50,000 or more said they had cut back on basic food items in the past 12 months, compared with 41% of people in households with less than £25,000 and 17% of those with an income between £25,000 and £49,999. Similarly, 9% of those in the higher income bracket reported that they will cut back on this in the next 12 months, compared with 35% in the lower bracket and 19% with incomes in between the two.

56% of people in households with an income of £50,000 or more had cut back on heating (to save on gas, electricity or oil) in the past 12 months, compared with 69% of people in households with less than £25,000. People in the higher income bracket are also significantly less likely to report that they will cut back on heating in the next 12 months (66%) than those in households earning less than £25,000 (79%).

41% of those in the highest household income bracket (£50,000 and above) had cut back on the use of appliances (to save on electricity) in the past 12 months compared with 66% in the lowest bracket (under £25,000 per year), and 58% with incomes between £25,000 and £49,999. Similarly, 51% of those in the higher income category reported that they will cut back on the use of appliances in the next 12 months compared with 74% of those with incomes under £25,000 and 65% of those in the middle-income category.

6.8 Indices of deprivation

35% of those in the lowest quintile had cut back on buying basic food items in the past 12 months, compared with 19% in the second quintile, 23% in the third and 12% in the fourth. Only 9% of those in the highest quintile had done so. Of those in the lowest quintile, 27% reported that this is an area of spending that they will cut back on in the next 12 months, compared with 16% in the fourth and 12% of those in the fifth quintile.

75% of people in the middle quintile reported that they will cut back on heating (to save on gas, electricity or oil) in the next 12 months, compared with 62% of those in the fourth quintile. People in the lowest quintile were most likely to report that they will cut back on the use of appliances (to save electricity) in the next 12 months - 71% gave this response, compared with 56% in the fourth quintile and 55% in the highest.

6.9 Region

A larger proportion of people in the North (67%) had cut back on heating (to save on gas, electricity or oil) in the past 12 months than in London (54%).

6.10 Social grade

People classified as social grade DE (semi-skilled and unskilled grades) were significantly more likely to have cut back on buying basic food items (41%) in the past 12 months than those in other grades (7% of those in AB/professional grades had done so, 18% of those in C1/clerical and 19% of those in C2/skilled-manual).

People in social grade AB were the least likely to report that they will cut back on buying basic food items in the next 12 months (7%). In contrast, 18% of those in C1, 23% in C2 and 30% in DE believed they will do so.

People in social grade C1 were most likely to report that they will cut back on heating (to save on gas, electricity or oil) in the next 12 months (75%), compared with 66% of people in AB and 63% of people in C1.

Those in social grade AB were less likely to have cut back on the use of appliances to save electricity (47%) in the past 12 months than those in C1 (56%) or DE (61%). People in AB (55%) and C2 (54%) were also less likely to report that they will cut back on appliance use in the next 12 months than those in C1 (65%) or DE (67%).

6.11 Work status

28% of those who are not working reported that they cut back on buying basic food items, compared with 16% of those in full time work and 14% of those working part-time.

Part-time workers (78%) and full-time workers (71%) were more likely to report that they will cut back on heating (to save on gas, electricity or oil) in the next 12 months than those who are not working (63%).

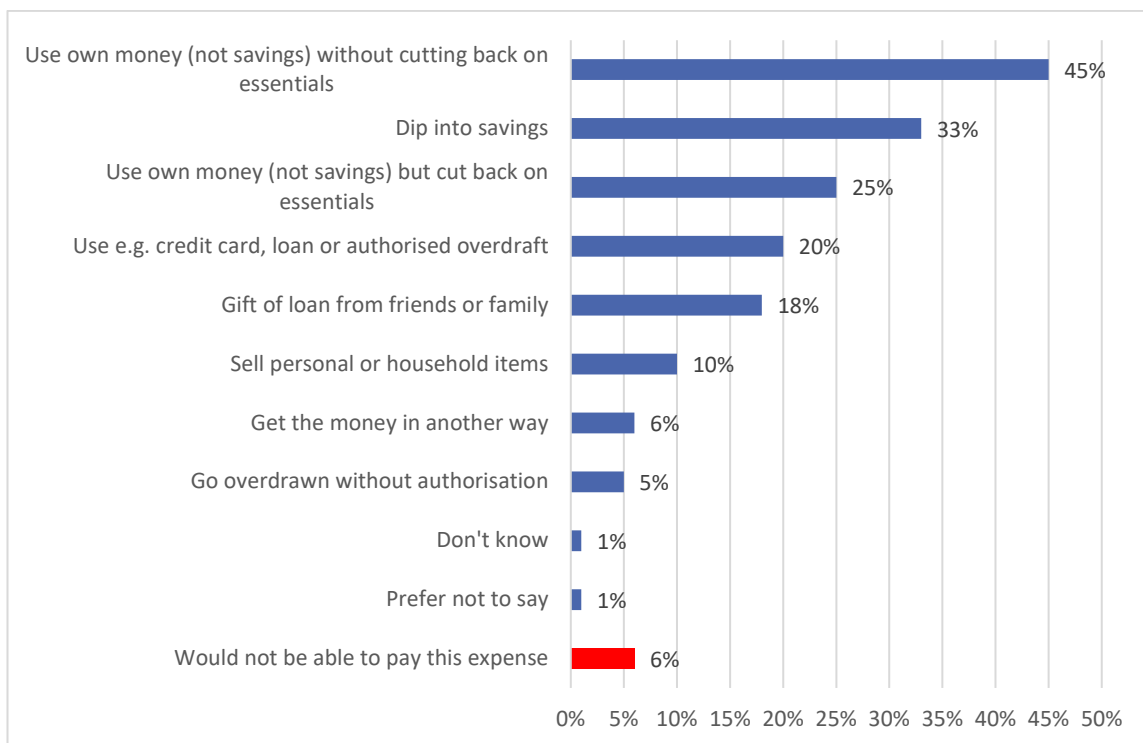
7 Finding the money to meet an unexpected expense

Respondents were asked to ‘Imagine you had to pay an unexpected expense of £200 in one lump sum, within 7 days from today and it is not possible to negotiate paying it in instalments or delay the payment. Which, if any of the following would you do to pay this expense?’ They were given the following options, as well as the option to say “You would not be able to pay this expense”:

- Using your own money, without dipping into your savings, but you would have to cut back on essentials
- You would have to dip into your savings
- Using a form of credit such as a credit card, loan or authorised overdraft
- Going overdrawn without authorisation
- Getting the money from friends or family a gift or loan
- You would have to sell personal or household items to get the money
- Getting the money in another way

Initially, respondents were asked to identify all the ways in which they might pay the unexpected expense (Figure 7.1). Whilst most people could find £200 at short notice from within their general budget or savings, one in five would use a credit card, loan or authorised credit, whilst 5% would go overdrawn without authorisation. 18% would rely on friends and family and 6% said they would not be able to pay this expense.

Figure 7.1 Approaches taken to finding £200 for an unexpected expense (multiple options possible)



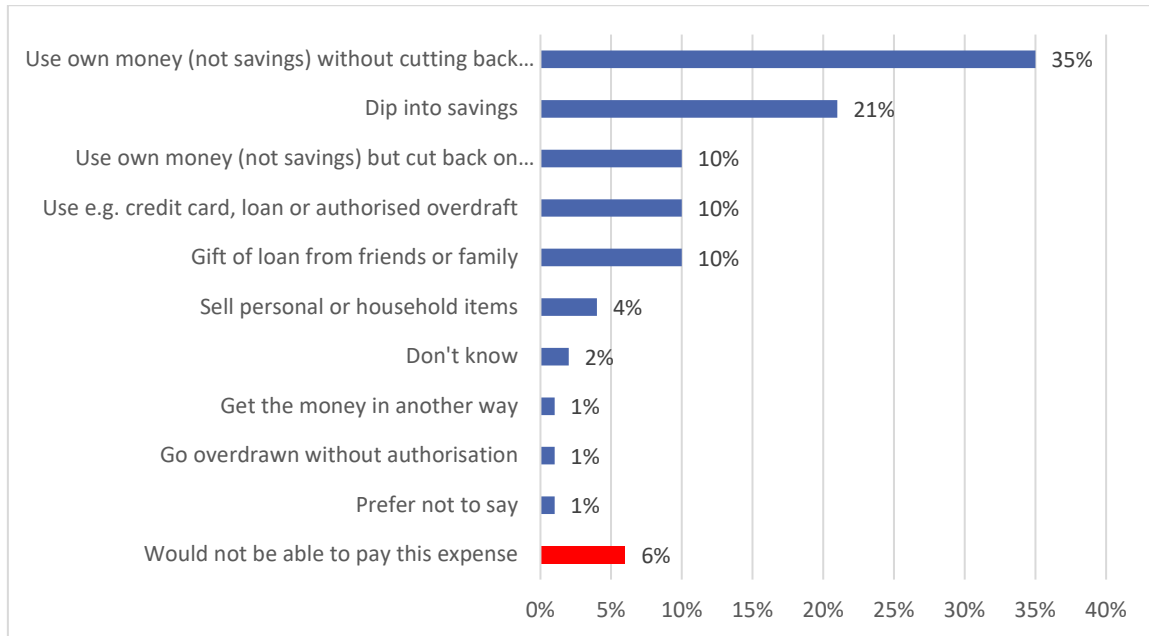
Question: Imagine you had to pay an unexpected expense of £200 in one lump sum, within 7 days from today and it is not possible to negotiate paying it in instalments, or delay the payment. Which, if any of the following would you do to pay this expense?

See appendix for exact options given at this question.

Base: 1,005 GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

People were then asked which ONE way would you be most likely to pay this expense (Figure 7.2)? The findings below report the way in which people would be most likely to pay.

Figure 7.2 Main approach taken to finding £200 for an unexpected expense (one response only)



Question: And in which ONE way would you be most likely to pay this expense?

See appendix for exact options given at this question.

Base: 1,005 GB adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

Based on the responses to the question “Imagine you had to pay an unexpected expense of £200 in one lump sum, within 7 days from today and it is not possible to negotiate paying it in instalments or delay the payment. Which, if any of the following would you do to pay this expense?”, the following analysis looks at two groups. The first is those selected “You would not be able to pay this expense”, and the second is all of those who selected one or more of the following answers:

- Using a form of credit such as a credit card, loan or authorised overdraft
- Going overdrawn without authorisation
- Getting the money from friends or family as a gift or loan

We describe statistically significant differences below, referring in both sections 7 and 8 to the first group as those who “**said they would be unable to pay**”, and the second group as those who “**said they would borrow**”.

7.1 Age

Adults aged 65 and above are significantly less likely to say that they would be unable to pay (3%) than 18–24-year-olds (9%) or 25–34-year-olds (8%); and are less likely to say they would borrow (18%) than those who were 18-24 (45%), 25-34 (43%), 35-44 (39%) or 45-54 (34%).

7.2 Education

People with no formal qualifications were more likely to say they would be unable to pay (14%) than those whose highest level of education is GCSEs or equivalent (4%), or a degree (3%),

although there are no significant differences by education in terms of those who said they would borrow.

7.3 Ethnicity

Black, Asian or minority ethnic respondents are more likely to say they would borrow (48%) than White respondents (30%).

7.4 Gender

Women (36%) were more likely than men (29%) to say they would borrow to pay this unexpected expense.

7.5 Household composition

A significantly larger proportion of adults in households with children in the household selected they would be unable to pay this expense of £200 (10%) than is the case for households without children (4%), and they are more likely to have said they would borrow (40% compared with 29%). Those who are married or living with a partner are less likely to say that they are unable to pay this expense (3%) than those who are single (10%), and less likely to say they would borrow (27%) than single respondents (39%) or those who are widowed, divorced, or separated (39%).

7.6 Housing tenure

12% of tenants said they would not be able to pay this expense (i.e., £200), compared with 2% of people who own their property outright and 3% of those with a mortgage. Additionally, 47% of tenants said they would borrow, compared with 21% of owners and 30% of those with a mortgage.

7.7 Income

Just 1% of people in households with an income of £50,000 or more and 2% of those with £25,000 and £49,999 said they would be unable to pay this expense, compared with 18% of people in households with less than £25,000.

38% of those in households with the lowest of the three household annual income brackets (i.e. less than £25,000) said they would borrow, compared with 27% of those in the highest bracket (i.e. £50,000 or more).

7.8 Indices of deprivation

14% of people in the lowest ID quintile reported that they would not be able to pay £200 compared with 3% in the second quintile, 5% in the third, 4% in the fourth and 2% in the highest.

Those in the highest quintile were significantly less likely to say that they would borrow to find the money (21%) compared with the middle and bottom 2 quintile (lowest 41%, second 35%, third 37%).

7.9 Region

Adults in Scotland (10%) and London (9%) were significantly more likely than adults in the South (3%) to report that they would not be able to pay. The proportions reporting that they would borrow does not vary significantly by government region.

7.10 Social grade

People classified as social grade AB (professional) are significantly less likely to report that they would be unable to pay an expense of £200 (1%) than those in C2/skilled manual (5%) or DE

(semi-skilled and unskilled - 15%). They are also less likely to have said they would borrow (24%) than those in C1/clerical (35%), C2/skilled-manual (35%) or DE (36%).

7.11 Work status

8% of those who are not working reported that they could not pay an expense of £200, compared with 4% of those in full-time work.

8 Multiple financial challenges

By tabulating the various financial challenges, it is possible to highlight multiple challenges (which could also be interpreted as high levels of vulnerability or low levels of financial wellbeing). For this section, names have been assigned to the following groups as follows:

- **“Managing”** describes those who said “living comfortably” or “doing alright” when asked “How would you say you are managing, financially, at the moment. Would you say you are...”.
- **“Finding it difficult”** describes those who said “finding it quite difficult” or “finding it very difficult” when asked “How would you say you are managing, financially, at the moment. Would you say you are...”.
- **“Chose borrowing as the most likely way they would pay an unexpected £200 expense”** describes those who said either “using a form of credit, such as a credit card, loan or authorised overdraft”, “going overdrawn without authorisation” or “getting the money from friends or family as gift or loan” when asked “Imagine you had to pay an unexpected expense of £200 in one lump sum, within 7 days from today and it is not possible to negotiate paying it in instalments, or delay the payment. Which, if any of the following would you do to pay this expense?”.
- **“Chose using their own money or savings as the most likely way they would pay an unexpected £200 expense”** describes those who said either “using your own money, without dipping into your savings or cutting back on essentials”, “using your own money, without dipping into your savings, but you would have to cut back on essentials” or “you would have to dip into your savings” when asked “Imagine you had to pay an unexpected expense of £200 in one lump sum, within 7 days from today and it is not possible to negotiate paying it in instalments, or delay the payment. Which, if any of the following would you do to pay this expense?”.

8.1 Experiencing a financial difficulty

Almost all of those who were finding it very difficult had experienced a financial difficulty (94%) in the past 12 months, as had 78% of those finding it quite difficult and 55% of those who were just about getting by. In contrast, 18% of those who were doing alright reported a difficulty.

People who chose using their own money or savings as the most likely way they would pay an unexpected £200 expense were significantly less likely to say that they have experienced a difficulty in the past 12 months than those who chose borrowing as the most likely way they would pay this unexpected expense (19% and 58% respectively).

8.2 Finding £200

Less than 1% of people who said they are managing (when asked “How would you say you are managing, financially, at the moment?”) said they would be unable to pay the unexpected £200 expense. This rises to 7% of people who said they are just getting by, 17% of those who said they are finding it quite difficult and 31% of people finding it very difficult. 11% of people “living

comfortably” said they would borrow, compared with 28% of those “doing alright”, 49% of those just getting by, 47% of people finding it quite difficult and 49% of people finding it very difficult.

Those who reported that they had experienced a financial difficulty in the last 12 months were significantly more likely to say they would be unable to pay this expense of £200 (14%) and say they would borrow (i.e. to pay the expense) (52%) compared with those who said they had not experience a financial difficulty in the last 12 months (1% would not be able to pay for this expense and 22% said they would borrow).

8.3 Managing, financially

Those who reported that they had experienced a financial difficulty in the last 12 months were significantly less likely to be managing (21%: 3% answered “living comfortably” and 18% answered “doing alright”) and more likely to be struggling (38%: 22% “finding it quite difficult” and 16% “finding it very difficult”) compared with those who had not experienced such an issue in the past 12 months; 78% of whom were managing (33% answered “living comfortably” and 44% answered “doing alright”), and just 4% who were struggling (3% “finding it quite difficult” and 1% “finding it very difficult”).

Of those who chose borrowing as the most likely way they would pay an unexpected £200 expense, 34% reported they were managing (i.e. 6% answered “living comfortably” and 28% answered “doing alright”); 25% said they were struggling (16% “finding it quite difficult” and 9% “Finding it very difficult”). This pattern is entirely different from those who chose using their own money or savings as the most likely way they would pay an unexpected £200 expense; 74% of whom were managing (i.e. 31% answered “living comfortably” and 43% answered “doing alright”), and 6% who were struggling (5% “finding it quite difficult” and 1% “finding it very difficult”).

8.4 Cutting back on food or energy

Almost three quarters (73%) of those who reported that they were finding it very difficult to manage, financially, said they had cut back on buying basic food items in the past 12 months, to save money. This is significantly more even than the proportion among those saying they were finding it quite difficult (47%). Just 11% of people who said they were doing alright had cut back on buying basic food items and 27% of those who were just about getting by.

59% of those finding it very difficult said they will cut back on buying basic food items in the next 12 months to save money, significantly more than those who are living comfortably (6%), doing alright (10%) or just about getting by (24%).

86% of those who reported that they were finding it very difficult to manage, financially, said they had cut back on heating (to save on gas, electricity or oil) in the past 12 months, and the same percentage had cut back on the use of appliances (to save electricity). In contrast, significantly fewer of those saying they were living comfortably (45%), doing alright (60%) or just about getting by (69%) had cut back on heating in this way; similarly, fewer of those living comfortably (34%), doing alright (49%) or just about getting by (62%) had cut back on the use of appliances in this way.

Just over half of those who are living comfortably (53%) reported that they will cut back on heating, to save on gas, electricity or oil, in the next 12 months. This is significantly lower than those doing alright (69%), just getting by (76%), or those finding it quite difficult (80%), or very (86%) difficult.

Similarly, a much smaller proportion of those who are living comfortably (39%) reported that they will cut back on appliance use, to save electricity, in the next 12 months than those doing alright (57%), just getting by (71%), or those finding it quite difficult (84%), or very (80%) difficult.

24% of those who chose borrowing (as the most likely way they would pay an unexpected £200 expense) said they had cut back on buying basic food in the past 12 months to save money, as had 37% of those who reported experiencing a financial difficulty in the past 12 months. This compares with 12% of those who chose using their own money or savings as the most likely way they would pay an unexpected £200 expense, and 12% who reported that they had not had a financial difficulty in the past 12 months. Similarly, 19% of those who chose borrowing as the most likely way they would pay an unexpected £200 expense and 35% of those who had experienced a financial difficulty in the past 12 months anticipated cutting back on buying basic food items in the next 12 months, compared with 12% of those who chose using their own money or savings as the most likely way they would pay an unexpected £200 expense, and 11% of those who had not experienced a financial difficulty in the past 12 months.

75% of those who chose borrowing as the most likely way they would pay an unexpected £200 expense said they had cut back on heating, to save on gas, electricity or oil in the past 12 months. This compares with 56% who reported that using their own money or savings was the most likely way they would pay the unexpected expense. Of those who chose one of the three options that involved borrowing when asked how they would be most likely to pay an expense of £200, 66% said that they had cut back on appliance use to save on electricity in the past 12 months, compared with 47% of those who chose using their own money or savings as the most likely way they would pay an unexpected £200 expense.

76% of those who chose borrowing as the most likely way they would pay an unexpected £200 expense, and 65% who chose using their own money or savings as the most likely way they would pay reported that they will cut back on heating to save on gas, electricity or oil, in the next 12 months, whilst 69% of those who would have to borrow will cut back on appliance use, to save electricity, in the same period, compared with 54% of those who chose using their own money or savings as the most likely way they would pay the expense.

76% of people who had faced a financial difficulty in the past 12 months had cut back on heating to save on gas, electricity, or oil, and 65% had cut back on appliance use (to save electricity) significantly more than amongst those who reported no such difficulty (55% - heating and 48% - appliance use).

79% of those who said they had faced a financial difficulty in the past 12 months and 63% of those said they had not who had not reported that they will cut back on heating, to save on gas, electricity or oil, in the next 12 months; similar differences are observed for cutting back on the use of appliances (to save electricity) in the next 12 months (75% of those who faced a difficulty will do so, compared with 53% of those who had not).

9 Support for different policy suggestions

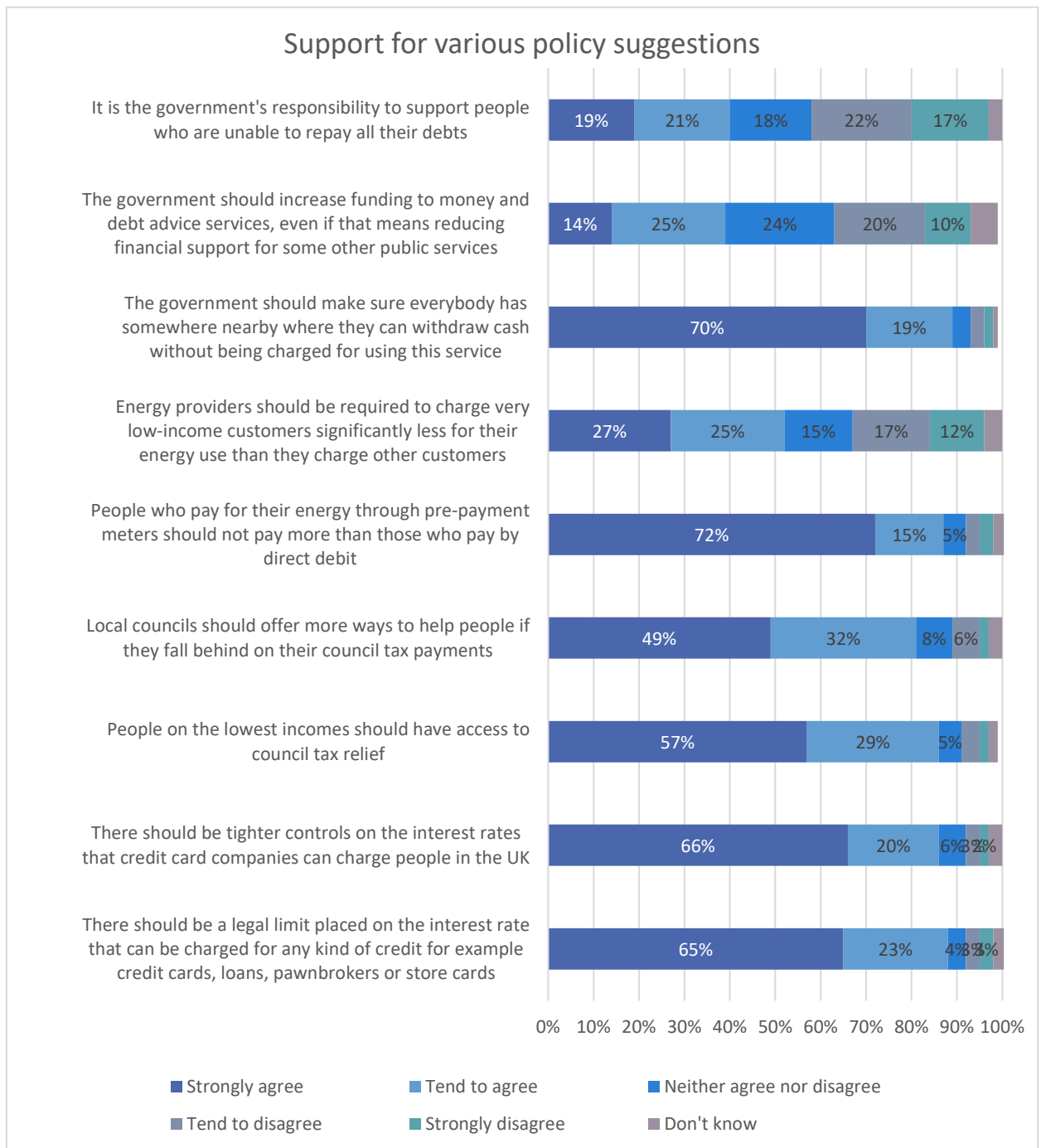
Participants were also presented with a selection of nine proposals that have been put forward to help people to avoid or get out of debt². They were asked the extent to which they agree or disagree with each policy idea (Figure 9.1).

The results indicate that people particularly support widespread access to free cash withdrawals (70% strongly agree), fair and equal fuel prices for people on meters (72% strongly agree), as well as tighter credit card controls (66% strongly agree) and interest rate caps (65% strongly agree).

In general, there is more support for interventions that regulate the financial services sector (provision of cashpoints, limits on interest rates) than those that rely on redirecting or finding additional government expenditure. For example, only 14% of people strongly agree with increasing government funding for debt services even if it means reducing funding elsewhere and only 19% strongly agree that the government are responsible for supporting the overindebted. This preference almost certainly reflects widening recognition that the country is facing increased austerity.

² Figure 9.1 lists the statements that were presented to respondents.

Figure 9.1 A number of ideas have been put forward to help people avoid, or get out of, debt. To what extent do you agree or disagree with each of the following proposals?



Question: A number of ideas have been put forward to help people avoid, or get out of, debt. To what extent do you agree or disagree with each of the following proposals?

Base: 1,005 British adults aged 18+, 28th September – 4th October 2022 Ipsos Telephone survey

10 Conclusion

Our data shows that over a third of adults in Great Britain reported experiencing a financial difficulty in the last 12 months, with variations by socio-demographics. We find that the likelihood of experiencing a financial difficulty decreases with age, income and level of qualification (when comparing those with at least an undergraduate degree against other groups). Renters are more likely to have experienced a financial difficulty in the past 12 months, and the likelihood is higher for Black, Asian and minority ethnic respondents than it is for White respondents. Renters are also far more likely to have experienced a financial difficulty than homeowners.

Financial difficulties are particularly likely to affect health, and specifically mental health. However, their impact is much broader, also affecting relationships and work. The impact of financial difficulties on health and relationships amongst adults aged 25-34 appears to be especially acute.

In all, 16% of adults were finding it 'quite' or 'very' difficult to manage, financially at the moment. There are particularly large differences between tenants and homeowners, with tenants being far more likely to report that they were struggling; large differences are also observed by age, with adults aged 65 and over being significantly more likely to be managing well than younger respondents. Differences by ethnicity are of concern, with Black, Asian or minority ethnic respondents less likely to be managing than White respondents.

Given the prevalence of financial difficulties, it is no surprise that we find that people have been cutting back on purchases – and expect to do so in the next 12 months - to save money. The most common area of expenditure to cut back on is heating, reflecting rising energy costs.

Adults aged 55-64 appear to be particularly vulnerable to cutting back; they were among the most likely to report cutting back on buying basic food items, heating use and/or appliances, suggesting that energy costs are a particular concern for pre-retirees. Tenants are also more likely than homeowners to report having cut back, or planning to cut back, in these areas to save money.

Whilst higher income is associated with a lower likelihood of cutting back, it is important to note that over half of people in households with an income of £50,000 or more had cut back on heating and 66% report that they will do so in the next 12 months, illustrating the extent to which price increases are hitting adults in Great Britain.

The limited extent to which people can accommodate further price rises is also highlighted in data looking at the ways, in the presented scenario, which people would find £200 to pay an unexpected expense. Looking at all the methods they would employ, we find that whilst most people could find £200 at short notice from within their general budget or savings, one in five would use authorised credit and a further 5% would go overdrawn without authorisation. Additionally, 18% would rely on friends and family and 6% said they would not be able to pay this expense.

Given the financial challenges faced by adults in Great Britain, it is interesting that there is more support for policy suggestions that aim to put tighter controls on the financial services sector (provision of cashpoints, limits on interest rates) than those that rely on redirecting or finding additional government expenditure. This may suggest that people are concerned about (further) tax rises, or longer-term austerity measures.

Appendix: Data sources and research methods

11 Method

On behalf of The University of Birmingham, Ipsos interviewed a representative quota sample of 1,005 adults aged 18 years and over across Great Britain. The survey was carried out using its telephone Omnibus from 28th September – 4th October 2022. Data has been weighted to the known offline population proportions for age within gender, social grade within gender, working status within gender, region, and ethnicity, in Great Britain of adults aged 18+ years.

11.1 Full question texts

Figure 6.1: Exact options presented to respondents:

1. Eating out
2. Buying luxury food items
3. Buying basic food items
4. Buying clothes for yourself or your family
5. A holiday
6. Socialising with friends
7. Trips, excursions and days out - excluding holidays
8. Heating, to save on gas, electricity or oil
9. Car usage
10. The number of baths or number or length of showers taken - to reduce hot water use
11. Use of lighting – to save electricity
12. Use of appliances, to save electricity
13. Buying a new car or upgrading existing cars
14. Paying for TV services or subscriptions like Sky, Netflix, Virgin Media or Apple TV
15. Making charitable contributions
16. Any other household activities not listed

Figure 7.1 & 7.2: Exact options presented to respondents:

1. Using your own money, **without** dipping into your savings or cutting back on essentials
2. Using your own money, **without** dipping into your savings, but you would have to **cut back on essentials**
3. You would **have to dip into your savings**
4. **Using a form of credit** such as a credit card, loan or authorised overdraft
5. **Going overdrawn without authorisation**
6. **Getting the money from friends or family** as a gift or loan
7. You would **have to sell personal or household items** to get the money
8. **Getting the money in another way**
9. You would not be able to pay this expense

11.2 Sub-samples:

We report on various sub-samples in this report, the samples sizes of which are as follows:

11.2.1 Managing financially

Question: How would you say you are managing, financially, at the moment. Would you say you are....

Groups reported on:

- Managing (all selecting “living comfortably” or “doing alright”): n=587
- Struggling (all selecting “finding it quite difficult” or “finding it very difficult”): n=155

11.2.2 Meeting the £200 expense

Question: And in which ONE way would you be most likely to pay this expense?

Groups reported on:

- Chose borrowing as the most likely way they would pay an unexpected £200 expense: n=216
- Chose using their own money or savings as the most likely way they would pay an unexpected £200 expense: n=674

11.2.3 Experienced a financial difficulty in the past 12 months

Question: Please think about the time from the end of September 2021 until now. So, thinking about the past 12 months, have you experienced any kind of financial difficulty?

Groups reported on:

- Yes, you have: n=347
- No, you have not: n=649

11.3 Indices of deprivation (ID):

ID are widely used datasets within the UK to classify the relative deprivation (essentially a measure of poverty) of small areas. Multiple components of deprivation are weighted with different strengths and compiled into a single score of deprivation. The index is available as deciles but has been grouped into quintiles (lowest/low/medium/high/highest) for this research.