

Financial Lives cost of living (Jan 2024) recontact survey

Consumers and the rising cost of living

10 April 2024



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Chapter 1

Introduction

This report presents the findings from a survey undertaken in January 2024 to understand the financial impact of the increased cost of living on adults across the UK. The financial services sector has a vital role to play in supporting people dealing with a squeeze on their income. We have set clear standards and expectations for how financial services firms should help customers in financial difficulty (including consumer credit, mortgage and insurance firms). These survey findings highlight examples of firms providing support to customers, and the benefit it can have. We encourage anyone struggling to keep up with payments to contact their lender or insurance provider. Consumers can also visit [MoneyHelper](#) for useful advice on living on a squeezed income and to find free, expert debt advice.

This report gives results and insights from our 'Financial Lives cost of living (Jan 2024) recontact survey', conducted between 8 December 2023 and 28 January 2024, and achieving responses from 3,450 individuals. We compare these results with those from a similar survey we ran in January 2023, and which we have reported previously in a short [research note](#) and in Chapter 4 of our latest [main report](#). Participants in both surveys were recruited from the main [Financial Lives May 2022 survey](#).

This report focuses on people's financial situation as at January 2024, on some changes since a year ago, and on general perceptions of how things have changed since the cost of living started to rise. With the report, we also publish the January 2024 survey questionnaire and data tables.

The January 2023 survey focused on people's experiences over the preceding 6 months, more or less since our previous main survey in May 2022. While many questions in the January 2024 survey also asked about the last 6 months, others were expanded to encompass the last 12 months. This was to capture developments since the 2023 survey. The 2024 survey also asks several new questions. We always mention the time period when we report results to ensure readers understand when results are not directly comparable, ie when they cover the last 6 months (January 2023) versus the last 12 months (January 2024).

We also asked respondents in January 2024 'what the rising cost of living means' to them. We use quotations throughout this report, selected as being representative of what many people had to say.

Chapter 2

Summary of findings

Since January 2023 there has been an improvement in the number of people finding it hard to manage the higher costs of living, although challenges remain for some groups

Our new survey highlights how some UK adults are still finding it hard to manage financially with the higher costs of living. In January 2024:

- More than one in four adults (14.6 million or 28%) reported either not coping financially or finding it difficult to cope – an 8 percentage point (pp) improvement from the 36% of adults (18.9m) who felt this way in January 2023
- One in seven (7.4m or 14%) felt heavily burdened keeping up with their domestic bills and credit commitments – a 7pp improvement from the 21% (10.9m) who felt this way in January 2023
- One in nine (5.9m or 11%) had no disposable income – a 3pp improvement from 15% (7.7m) in January 2023 (results from the survey analysis or associated calculations are usually rounded up or down to the nearest whole number, eg as here where rounding results in the difference between 11% and 15% being 3pp)
- One in nine (5.5m or 11%) had fallen behind or missed paying one or more domestic bills or credit commitments in the previous 6 months – a 2pp improvement from the 12% (6.6m) who had missed a bill in the 6 months to January 2023

While these results are an improvement on those recorded in January 2023, they are still worse than our historic data. For example, results from our 2020 survey, conducted before recent cost-of-living increases, found that just one in ten adults (11% or 5.8 million) felt heavily burdened keeping up with their domestic bills and credit commitments, with a similar proportion (10% or 5.2m) having missed paying one or more domestic bills or credit commitments in the previous 6 months.

Utility bills were the most commonly missed bills over the 6 months to January 2024 (7.4% of all UK adults) and January 2023 (8.6%), followed by credit card bills (4.0% in the 6 months to January 2024 vs. 4.8% in the 6 months to January 2023), and council tax payments (3.7% vs. 4.4%).

A higher proportion of adults in certain groups were struggling financially in January 2024, compared with the UK average. These include adults from low-income households; unemployed adults and others not in work such as the long-term sick and full-time carers; renters; single adults with financially dependent children; and those living in the North of England and in the most deprived areas of the UK. These groups were also more likely to be struggling financially with the increased cost of living in January 2023.

Renters are struggling considerably more than average, but are prioritising rent payments

Renters, 62% of whom had seen rent increases in the previous 12 months, were one of the groups most likely to say they were not coping financially or were finding it difficult to cope in January 2024: 50% were in this position.

The proportion of renters (26%) falling behind on, or missing paying, one or more of their domestic bills or credit commitments in the previous 6 months was considerably higher than the UK average (11%). Yet just 7% of renters had missed a rent payment in this period, highlighting how many prioritised paying their rent over other bills.

We see similar results for January 2023, when 27% of renters had missed one or more bills or credit commitments in the previous 6 months, and 9% had missed a rent payment over this time.

Mortgage holders are prioritising their mortgage payments – and slightly more are now contacting their lenders for help

Mortgage holders were slightly less likely than the national average to be struggling in January 2024: 24% were not coping financially or were finding it difficult to cope (vs. 28% of all UK adults) and 5% had missed paying any domestic bills or credit commitments in the previous 6 months (vs. 11%). By comparison, in January 2023, 29% of mortgage holders were struggling to cope financially and 5% had missed bills in the previous 6 months.

More than one in three (36%) mortgage holders had seen their mortgage payments increase in the previous 12 months (vs. 29% whose payments went up in the 6 months to January 2023), while 1.7% (0.3 million) had missed a mortgage payment in the previous 6 months (not statistically different from the 1.1% who had missed a payment in the 6 months to January 2023).

There was an increase in the proportion of mortgage holders struggling financially who have asked their provider to reduce their monthly payments or to provide a payment holiday: 0.4% did so in the 6 months to January 2023, rising to 1.6% in the 12 months to January 2024.

People are spending less and saving/ investing less to make ends meet – but very few have stopped contributing to or reduced their pension contributions

In the 12 months to January 2024, most people (77% or 40.5m) spent less or worked more to make ends meet, although fewer than in the 6 months to January 2023 (89% or 47.0m).

Over half 52% (27.5m) had cut back on the amount of electricity, gas or other heating fuel used to save money – compared with 71% (37.7m) who did this in the 6 months to January 2023.

In total, almost two-thirds (65% or 34.3m adults) spent less on essentials (less food shopping, missing meals, heating their home less and/or cutting back on basic household items). One in six (16% or 8.2m adults) cut back on essentials to help pay their mortgage or rent, and one in seven (14% or 7.2m) were doing so to prioritise their debts or credit payments.

Over two-fifths (44%) stopped saving or investing or reduced how much they save or invest to make ends meet, while 23% used their savings or investments to cover day-to-day expenses. Over half (53% or 27.6m) did either of these things in the 12 months to January 2024, compared to 56% in the 6 months to January 2023.

In comparison, in the 12 months to January 2024, just 3% (1.8m) stopped contributing to a pension or reduced their contributions to make ends meet. Only 2% (1.1m) cashed in a pension fully or took out a lump sum, to cover day-to-day expenses.

One in five adults cut back on insurance to save money or because they can't afford the premiums

Over one in five adults (22% or 11.8m) cancelled an insurance or protection policy (6% or 3.2m), reduced their level of cover of a policy (6% or 3.1m), and/or chose not to buy a policy (12% or 6.4m), in the 12 months to January 2024, to save money or because they could not afford the premiums.

The increased cost of living continues to affect some people's mental health – although there is some recent improvement in the numbers affected

We asked adults in January 2024 how the increased cost of living had affected their wellbeing in the previous 12 months. Over two-fifths (43%) said that they had felt more anxious or stressed due to the rising cost of living, while one-fifth (20%) had suffered with their mental health. These results are a small but positive improvement compared with answers to the same question a year earlier about the 6 months to January 2023 (54% and 24%, respectively).

Some people seek financial support and find it helps – but many who could benefit do not seek it

In the 12 months to January 2024, 5% (2.7m) of adults sought help from a lender or from a debt advice or other financial support charity because they found themselves in financial difficulty – of whom nearly half (46% or 1.2m) considered that they were in a better financial position because of this support.

Many adults who may benefit from help from lenders or debt charities are not seeking it. For example, just one in five (21%) adults who felt heavily burdened by their debts sought help in the last 12 months, and just three in ten (29%) of those who had fallen behind on or missed paying their bills.

Two in five (40%) adults who had fallen behind on or missed paying their bills said they had avoided speaking to their lender about their finances or debts. A similar proportion (42%) had put off dealing with financial matters by, for example, ignoring warning letters or not opening correspondence. Overall, over half (54%) had done either of these things. This is unchanged from January 2023 (55%).

Chapter 3

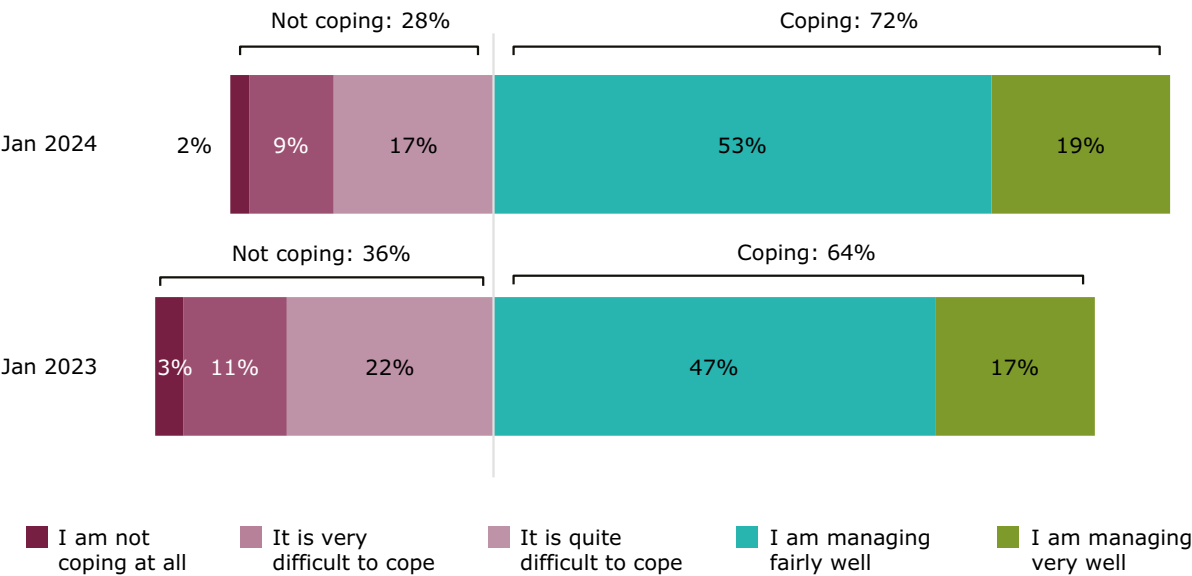
Changes in people’s financial situation

How well people are coping financially

The cost of living continues to have an impact on the financial lives of some adults in the UK.

We asked adults to say how they were coping financially. As Figure 1 shows, in January 2024, 28% (14.6m) were finding it difficult to cope financially: 2% told us they were not coping financially at all, 9% were finding it very difficult to cope, and 17% quite difficult to cope.

Figure 1: Extent to which adults are coping financially (Jan 2023/Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450)
Question: Q19. Which of the following statements best describes how you are coping financially today?

These results are marginally better than those in January 2023, where 36% were not coping financially or finding it difficult to cope. Conversely, there was an increase in the proportion of adults who described themselves as coping financially well or very well between January 2023 (64%) and January 2024 (72%).

We asked respondents what the rising cost of living means to them. The financial challenges some adults are still facing were highlighted in their responses:

“

Everything is going up. I'm struggling to feed my kids healthy meals without it costing too much. My bills are going up, but our pay isn't. Choosing to buy food or pay bills is hard and even harder around this time of year.

(Female, 25-34, renting, employed, finding it very difficult to cope financially)

”

“

It's truly awful. Most days I'm stuck deciding if I'm going to starve or be cold. We worry about what bill is coming around the corner ... We survive because of the kindness of others – charity and family.

(Female, 25-34, renting, unemployed, finding it very difficult to cope financially)

”

“

Our savings have been decimated keeping up with costs.

(Male, 25-34, mortgage, employed, finding it quite difficult to cope financially)

”

We also heard from people who were managing financially, but were being more careful about their spending or had cut back on non-essentials – holidays, luxury items, and other discretionary spending – to make ends meet:

“

We have had to cut back on eating out and takeaways, and luxury snacks at home.

(Female, 25-34, mortgage, employed, managing very well)

”

“

We have reduced our holiday spending and no longer travel abroad but use our touring caravan more in the UK. We have stopped eating out and reduced our visits to the pub.

(Male, 64-74, own outright, retired, managing fairly well)

”

//

I'm more cautious when buying things. I often ask myself: do I really need this item? I buy more second-hand items of clothing. I save less and often have to help my family out to help them through the month. I should be retired but continue to work in a part-time capacity to get through.

(Female, 64-74, own outright, semi-retired, managing fairly well)

//

Some had received pay rises, meaning that their earnings were keeping pace with rising costs:

//

I have been very lucky and secured a promotion, so the rising cost of living has not been as bad as it would otherwise have been ...

(Female, 25-34, mortgage, employed, managing very well)

//

//

Prices have risen quite substantially. However, I had a big pay rise ...

(Male, 25-34, mortgage, employed, managing fairly well)

//

Those with savings or inflation-proofed income, such as a defined benefit (DB) pension or the State Pension, were generally coping well with the increased cost of living:

//

Very little change. We both receive good pensions from senior civil service jobs, have saved throughout life and never over-extended ourselves financially.

(Male, 55-64, own outright, retired, managing very well)

//

//

The much improved interest available currently on savings has provided welcome relief on the cost-of-living increases.

(Male, 65-74, own outright, retired, managing very well)

//

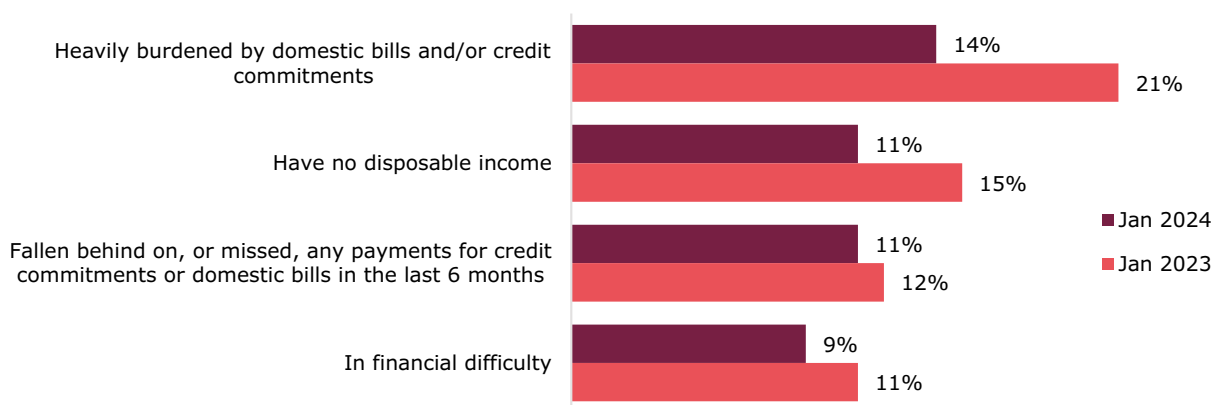
Missing bills and other measures of struggling financially

Other results too, shown in Figure 2, demonstrate a small decrease in the number of people struggling financially, between January 2023 and January 2024.

These results include:

- Fewer people saying that paying their domestic bills and meeting their credit commitments is a heavy burden (14% in January 2024, vs. 21% in January 2023)
- Fewer having missed any bills or credit commitments in any of the last 6 months (11%, vs. 12%)
- Fewer being in financial difficulty as defined as having missed such bills and/or credit commitments in 3 or more of the previous 6 months (9%, vs. 11%)
- Fewer having no disposable income at all (11%, vs. 15%)

Figure 2: No disposable income, missing bills and finding paying bills to be a heavy burden (Jan 2023/Jan 2024)

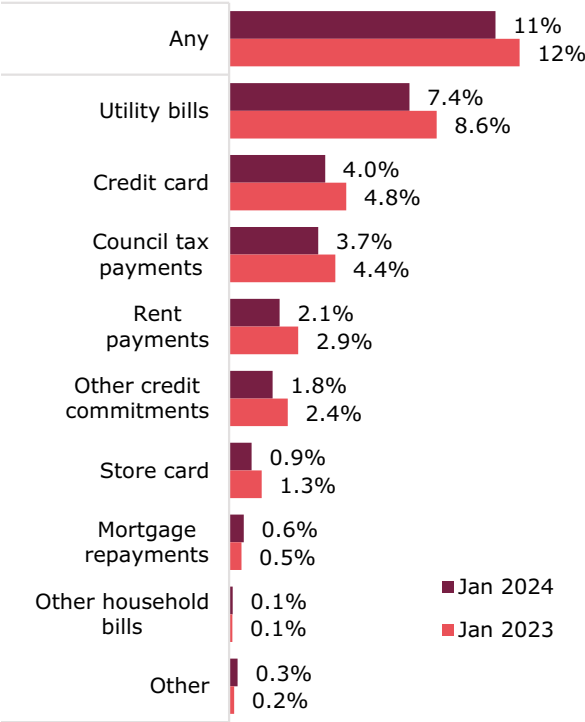


Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450)
Questions: K1 (Rebased)/ K2/ K2/K2asum/ Q21. **Note:** The proportion of adults heavily burdened by their domestic bills/ credit commitments has been rebased to exclude 'don't know' responses (3%/1%)

While these results are an improvement on those recorded in January 2023, they are still worse than our historic data. For example, results from our 2020 survey, conducted before recent cost-of-living increases, found that just one in ten adults (11% or 5.8 million) felt heavily burdened keeping up with their domestic bills and credit commitments, with a similar proportion (10% or 5.2m) having missed paying one or more domestic bills or credit commitments in the previous 6 months.

Figure 3 shows a small but positive change overall in the proportions of adults missing different bills over the previous 6 months between January 2023 and January 2024. There were small drops in the proportions missing any credit card payments (from 4.8% in January 2023 to 4.0% in January 2024) and any rent payments (2.9% vs. 2.1%). Fewer people also reported missing payments for utility bills, council tax, store cards and other credit commitments, although these changes were not statistically significant.

Figure 3: Adults who have fallen behind on, or missed, different types of payments in the last 6 month (Jan 2023/Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450) **Question:** K33 (Rebased). Which credit commitments and/or domestic bills have you missed, or fallen behind on, in the last 6 months?

I've been really struggling with paying for gas, electric and food shopping.
(Female, 19-24, renting, long-term sick or disabled, finding it quite difficult to cope)

Food has doubled, the mortgage is up 400%, gas and electricity is up 200%. It now costs more to live than the income we get.
(Male, 55-64, mortgage, employed, not coping financially at all)

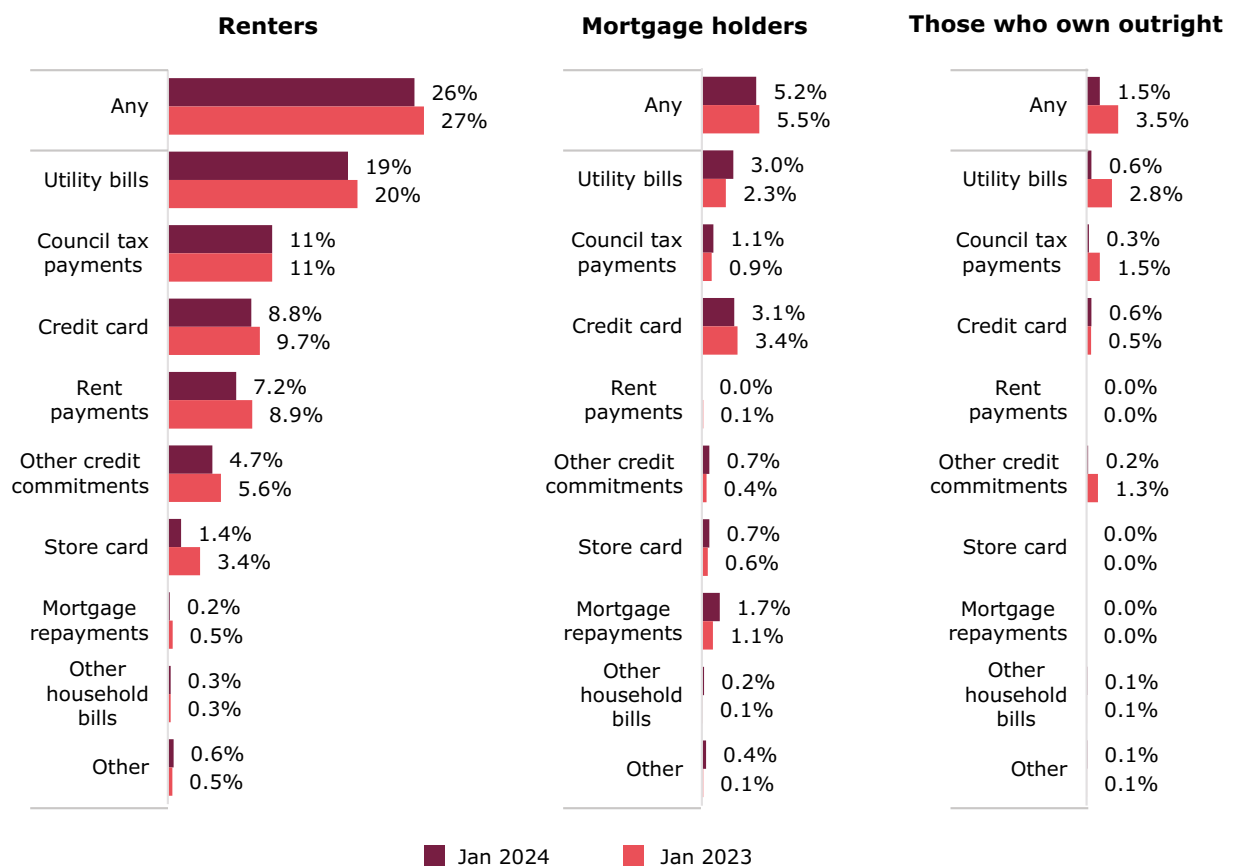
I'm having to prioritise money for petrol ahead of heating and food. I'm borrowing off family and friends just to get through the month.
(Male, 25-34, renting, employed, finding it quite difficult to cope financially)

We simply can't afford enough food shopping or gas and electric bills. I'm nearly always hungry now ...
(Female, 25-34, renting, long-term sick or disabled, not coping financially at all)

Renters missing bills

More than one in four (26%) renters had fallen behind on, or missed paying, one or more of their domestic bills or credit commitments in the previous 6 months. This is higher than the UK average of 11%, and far higher than the average for mortgage holders (5.2%) or for those who own their home outright (1.5%). As Figure 4 shows, these results are unchanged from those in January 2023, where 27% of renters had missed one or more bills or credit commitments in the previous 6 months.

Figure 4: Adults who have fallen behind on, or missed, different types of payments in the last 6 months, by housing tenure (Jan 2023/Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults who rent their home (2023:983/ 2024:600), are buying their home with a mortgage (2023:1,607/ 2024:991), or own their home outright (2023:2,402/ 2024:1,680) **Question:** K33 (Rebased). Which credit commitments and/or domestic bills have you missed, or fallen behind on, in the last 6 months?

Just 7.2% of renters had missed a rent payment in this period (equating to 1.1 million people, or 2.1% of all UK adults), slightly lower than the 8.9% who had missed a rent payment in the 6 months to January 2023. This is despite 62% of renters having had a rent increase in the year to January 2024.

Our data also highlights that renters typically prioritise their rent payment over most other bills. For example, 19% of renters missed a utility bill in the 6 months to January 2024, and 11% a council tax payment.

There was also a strong link with household income: 34% of renters with a household income under £30,000 per year missed one or more bills in the 6 months to January 2024, compared with 12% of those with a household income of £50,000 or more. See Figure 7 for further results on adults missing bills by household income.

Rising rents also had an impact on disposable incomes. Over two-fifths of renters (42%) said their disposable income had gone down a lot over the last 12 months or that they had no disposable income whatsoever, compared to the UK average of 28%.



Rent increases of 40% mean there's little disposable income left after buying essential items.

(Female, 45-54, renting, employed, finding it quite difficult to cope financially)



1.1 million renters (2% of all UK adults) had to move in with a family member in the last 12 months due to the rising cost of living.



For me, I now rent the spare room in a relative's house. I could no longer afford to privately rent on my own with the rising cost of rent, bills and food.

(Female, 25-34, renting, employed, managing fairly well)



The rise in living cost means that I have had to move back in with my mum after a relationship breakdown. I cannot afford to rent anywhere even though I am working full time. I am now sofa surfing and I still find myself struggling to afford food at the end of the month.

(Female, 25-34, living rent free, employed, finding it very difficult to cope financially)



Mortgage holders missing bills and seeking support

In January 2024, 36% of mortgage holders had seen their mortgage payments go up in the previous 12 months (compared with 29% whose payments went up in the 6 months to January 2023).

As Figure 4 showed, there was a small (but not statistically significant) increase in the proportion of mortgage holders who had missed a mortgage payment: 1.7% in the 6 months to January 2024, compared with 1.1% in the 6 months to January 2023.



The end of my fixed rate mortgage deal has caused my mortgage payments to increase dramatically. Whilst I am able to make all my commitments, there is no more wriggle room in the budget for any unexpected expenditure.

(Male, 45-54, mortgage, employed, finding it quite difficult to cope financially)



There was also an increase in the proportion of mortgage holders struggling financially who have asked their provider to reduce their monthly payments or to provide a payment holiday: 0.4% did so in the 6 months to January 2023, rising to 1.6% in the 12 months to January 2024. The proportion of mortgage holders who in January 2024 expected to approach their providers about payment reductions or holidays in the future was 2.0% – similar to the result in the January 2023 survey.

Chapter 4

Which consumers are struggling and not coping financially?

Those not coping financially – by different demographics and across the UK

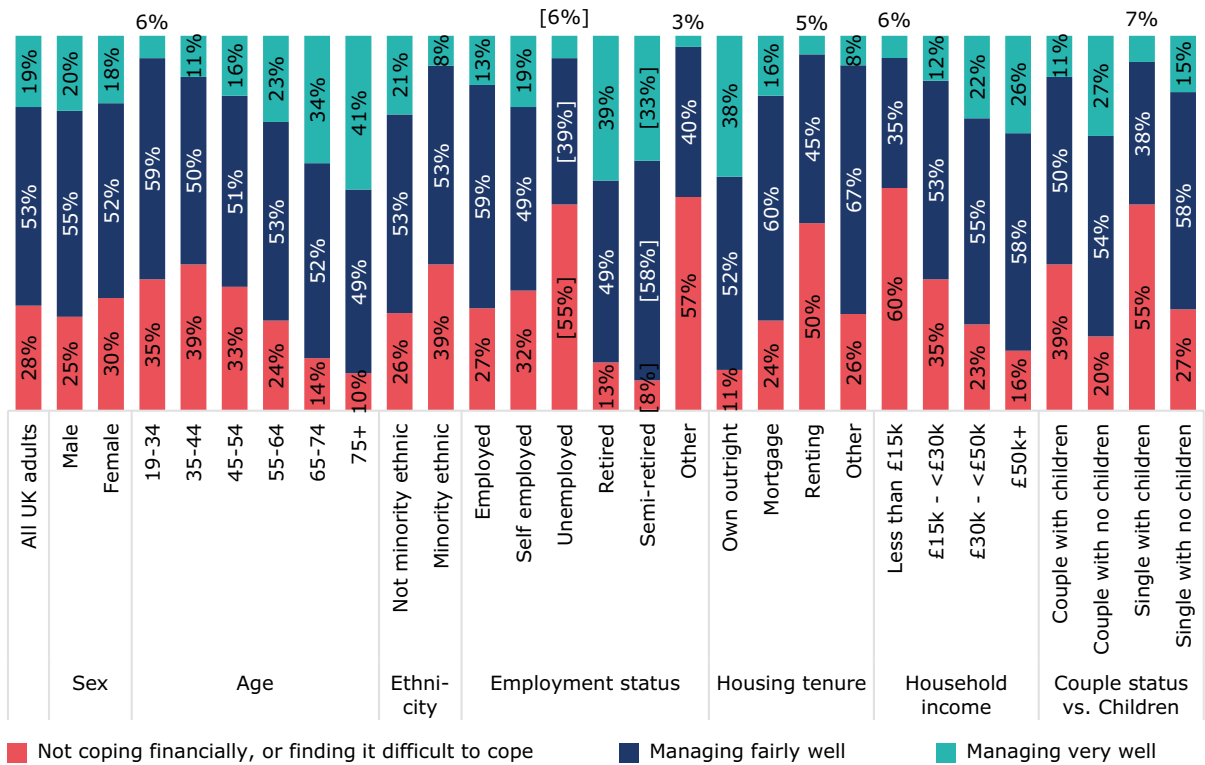
Figures 5 and 6 look at how different groups of consumers were coping financially in January 2024.

Those adults more likely to be among the 28% of UK adults not coping financially included, as shown in Figure 5:

- 60% of those in households with an income of under £15,000 a year: almost four times the proportion of adults (16%) with a household income of £50,000+
- [55%] of those unemployed and 57% of others not in work, such as students, the long-term sick or disabled, those looking after the home or family or full-time carers: two times the proportion (27%) of those employed (where results are based on answers from just 50 to 99 respondents, we put the result in a square bracket to indicate the evidence is less robust)
- 55% of single adults with financially dependent children (ie those who are not married, in a civil partnership, or otherwise living as a couple): over two and a half times the proportion (20%) of couples with no children
- 50% of renters: over twice the proportion (24%) of mortgage holders and almost five times the proportion (11%) owning their home outright
- 39% of adults from an ethnic minority background: one and a half times the proportion of adults (26%) not from minority ethnic groups
- 39% of 35-44 year olds: four times the proportion (10%) of adults aged 75+
- 30% of women, compared to 25% of men

These results mirror our January 2023 results, reported previously in Chapter 4 of our latest [main report](#). In that report, we discussed how unemployed adults and other groups not in work, low-income households, minority ethnic adults and renters were the most likely to be struggling with the increased cost of living.

Figure 5: Extent to which adults are coping financially, across a variety of demographic segments (Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2024) Base: All UK adults (2024:3,450) Question: Q19. Which of the following statements best describes how you are coping financially today? Note: Where results are based on answers from just 50 to 99 respondents, we put the result in a square bracket to indicate the evidence is less robust.

The rising cost of living is killing me. As a single parent with four children, I do everything I can to make sure they're fed and kept warm. I go without food so that they at least have something. I dread finding out how much more in debt I'm getting with gas and electric, because I just cannot afford to pay the extortionate amount it costs. (Female, 35-44, renting, long-term sick or disabled, finding it very difficult to cope financially)



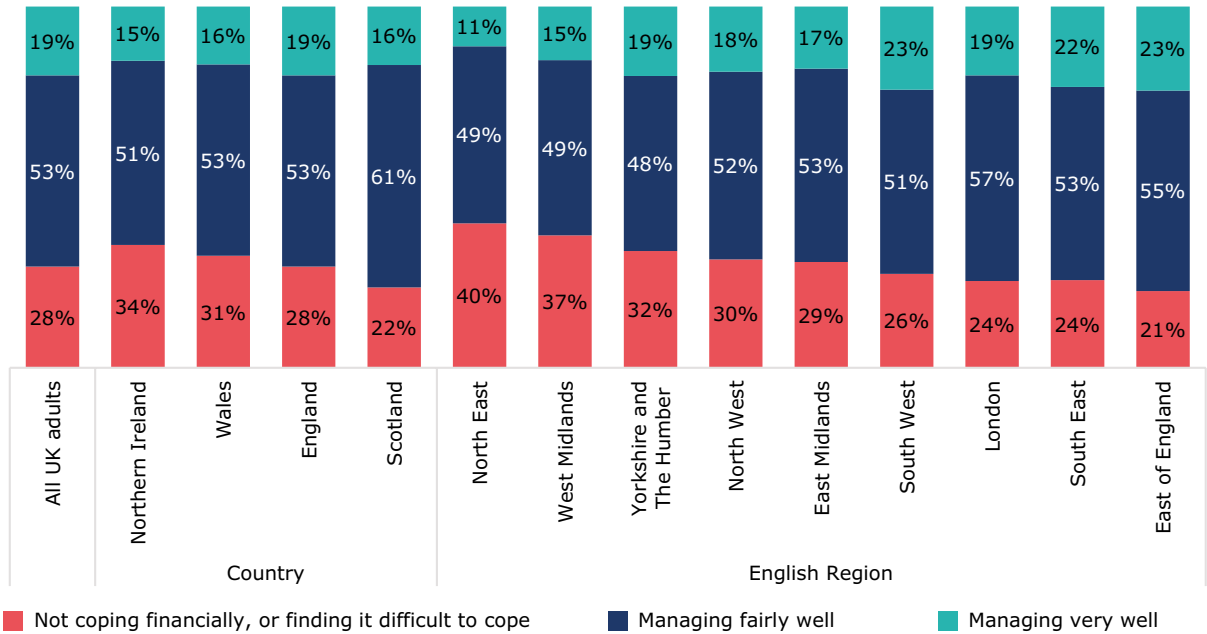
Myself and my partner are both disabled. He works full time and has issues with impulse control, so getting him to save money is difficult even when times are tough. Costs have risen so much that we have seen around a £20 increase on our weekly shopping from last year. This really adds up for a one income household and puts a lot of strain on us. My partner has moved my savings to an account with better interest, and he has got himself a credit card with perks to try and save money. We are managing, but I am stressed, and it feels like we have much less money than we did 10 years ago despite us both being in minimum wage jobs back then.

(Female, 25-34, live rent-free, long-term sick or disabled, finding it very difficult to cope financially)



Figure 6 shows how the proportions of adults not coping financially or finding it difficult to cope differ across the nations of the UK and by English region. A lower proportion (22%) of adults in Scotland were not coping compared with the rest of the UK (28%), and indeed compared with each of Northern Ireland (34%), Wales (31%) and England (28%).

Figure 6: Extent to which adults are coping financially, by nation and English region (Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2024) **Base:** All UK adults (2024:3,450) **Question:** Q19. Which of the following statements best describes how you are coping financially today?

The results for the English regions reveal something of a North/ South divide. Results are worst in the North East (where 40% of adults were not coping financially or were finding it difficult to cope) – higher than in the South West (26%) and the South East (24%). The region with the lowest proportion of adults not coping financially or finding it difficult to cope was the East of England, where 21% of adults felt like this in January 2024.

There is also a strong link between ability to cope financially and deprivation, with adults living in the most deprived areas of the UK (48%) – as measured by the Indices of Multiple Deprivation (IMD) – being nearly three times more likely not to be coping financially than those living in the least deprived areas (17%).

Missing bills and other measures of struggling financially – by different demographics

As Figure 7 highlights, similar demographic groups were also more likely in January 2024 to have felt that their domestic bills/ credit commitments were a heavy burden, to have missed or fallen behind on their domestic bills/ credit commitments in the last 6 months, or to be in financial difficulty (as defined as having missed such bills and/or credit commitments in 3 or more of the previous 6 months).

Figure 7. Missing bills and finding paying bills to be a heavy burden, across a variety of demographic segments (Jan 2024)



%	14	13	15	17	21	18	10	7	5	13	22	13	16	[24]	6	[4]	37	4	13	28	7	34	17	11	7	22	8	27	15
%	11	9	12	17	18	10	6	3	1	10	13	10	7	[28]	2	[1]	29	1	5	26	10	29	14	9	4	17	5	31	12
%	9	7	10	14	16	7	4	2	0	8	10	9	6	[24]	1	[0]	23	1	4	22	10	25	12	6	3	15	3	22	10

Source: Financial Lives cost of living recontact survey (Jan 2024) **Base:** All UK adults (2024:3,450) **Questions:** K1 (Rebased)/K2/K2asum/K2. **Note:** 'Other' in employment status means others not in work, such as students, the long-term sick or disabled, those looking after the home or family or full-time carers. **Note:** The proportion of adults heavily burdened by the domestic bills/ credit commitments has been rebased to exclude 'don't know' responses (1%). Where results are based on answers from just 50 to 99 respondents, we put the result in a square bracket to indicate the evidence is less robust.

Chapter 5

How people are dealing with the increased cost of living

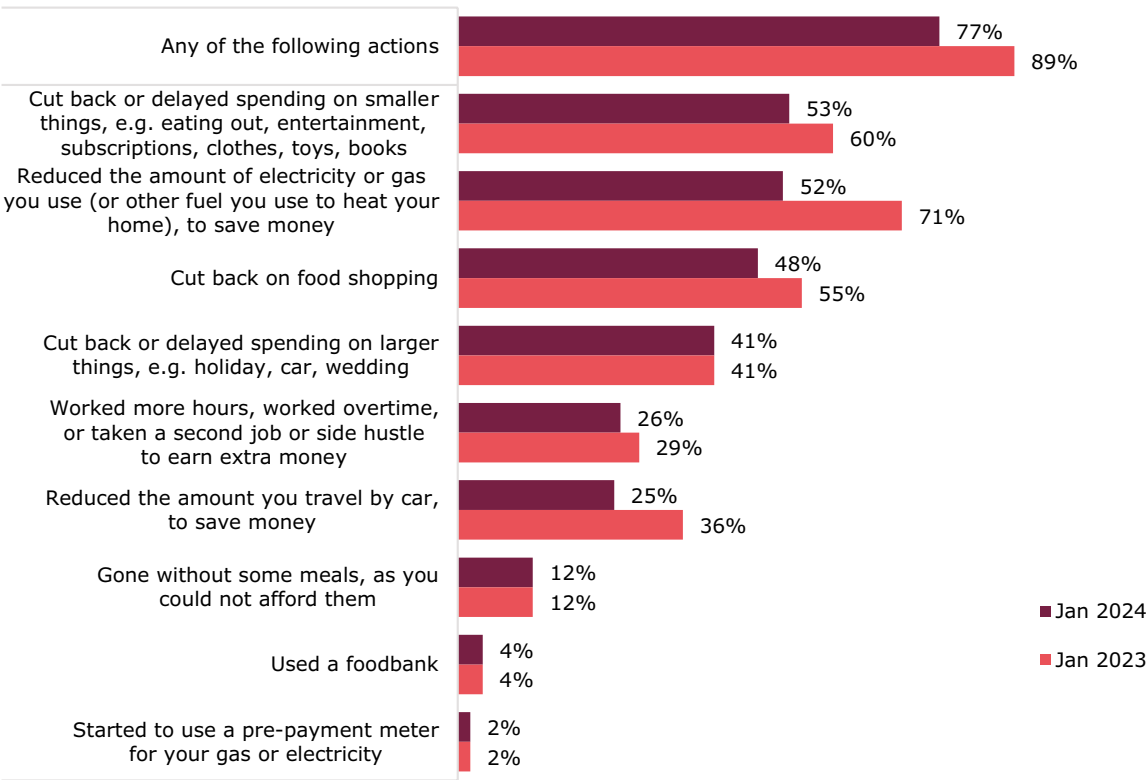
We explored the impacts of the increased cost of living on people's everyday lives, including how they save and what insurance and protection policies they have.

Cutting back and working more

Most people (77%) had taken one or more of the actions listed in Figure 8 in the 12 months to January 2024, to 'try and protect themselves or their family against the rising cost of living'. Most notably:

- Around half of all adults had cut back or delayed spending on smaller things like eating out and clothes (53%); they had spent less on fuel to heat their home (52%) or cut back on food shopping (48%)
- 26% had worked more hours or worked over-time or taken a second job or 'side hustle' to earn extra money
- 12% had gone without some meals because they could not afford them, and 4% had used a food bank

Figure 8: Actions taken due to the rising costs of living (Jan 2023/ Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450)
Question: Q4. In the last 6 months (Jan 2023)/ 12 months (Jan 2024), have you done any of the following, to try to protect yourself or your family against the rising cost of living?/ Q5. Thinking about your day-to-day spending: in the last 6 months (Jan 2023)/ 12 months (Jan 2024), have you done any of the following, due to the rising cost of living?

These results are an improvement on those from January 2023, when 89% had taken one or more of the actions in the previous 6 months due to the rising costs of living. Notable differences include: 52% spending less to heat their home (vs. 71% in January 2023), fewer cutting back on travel by car (25%, vs. 36%) and fewer cutting back on smaller things like eating out and clothes (53%, vs. 60%). There was no change in the proportion cutting back or delaying spending on larger items, such as holidays, cars, or weddings (41%, vs. 41%).

In the January 2024 survey, we asked a new question about cutting back on buying basic household items such as cleaning products and toiletries: 23% of adults had done so in the previous 12 months. In total, 65% of adults had cut back on any essentials (less food shopping, missing meals, heating their home less and/or cutting back on basic household items).

The results are worse for more of those not coping financially or finding it difficult to cope. For example, in January 2024, we learned that 81% of these adults had cut back on food shopping (nearly twice the national average of 48%), 73% had heated their home less (significantly higher than the national average of 52%), 55% had cut back on buying basic household items (well over twice the national average of 23%), and 34% had gone without some meals in the previous 12 months (nearly three times the national average of 12%). Overall, 92% had cut back on any essentials (higher than the national average of 65%).



I have to go without food most days and reduce my electricity usage. I only put the heating on once a week. I have had to reduce social outings to about once every other month and find it extremely hard to get by financially in months that have birthdays.
(Female, 35-44, mortgage, employed, finding it very difficult to cope financially)



Food shopping is stressful. I never know if I'll have enough when I get to the till. My daughter has one pair of school trousers because I can't find any spare money... My gas always runs out. My electric bill is high. Every day is a worry.
(Female, 35-44, renting, employed, not coping financially at all)



We have had to reevaluate where our money is truly going to. Cutting back on almost everything non-essential. We even try to have 15 'no spend days' each month.
(Male, 25-34, mortgage, employed, finding it very difficult to cope financially)



“

I had to go back to work full time to get extra cash, but my mortgage went up so much I am still in a deficit and don't qualify for benefits. I can't do overtime in my job.
(Female, 35-44, mortgage, employed, finding it quite difficult to cope financially)

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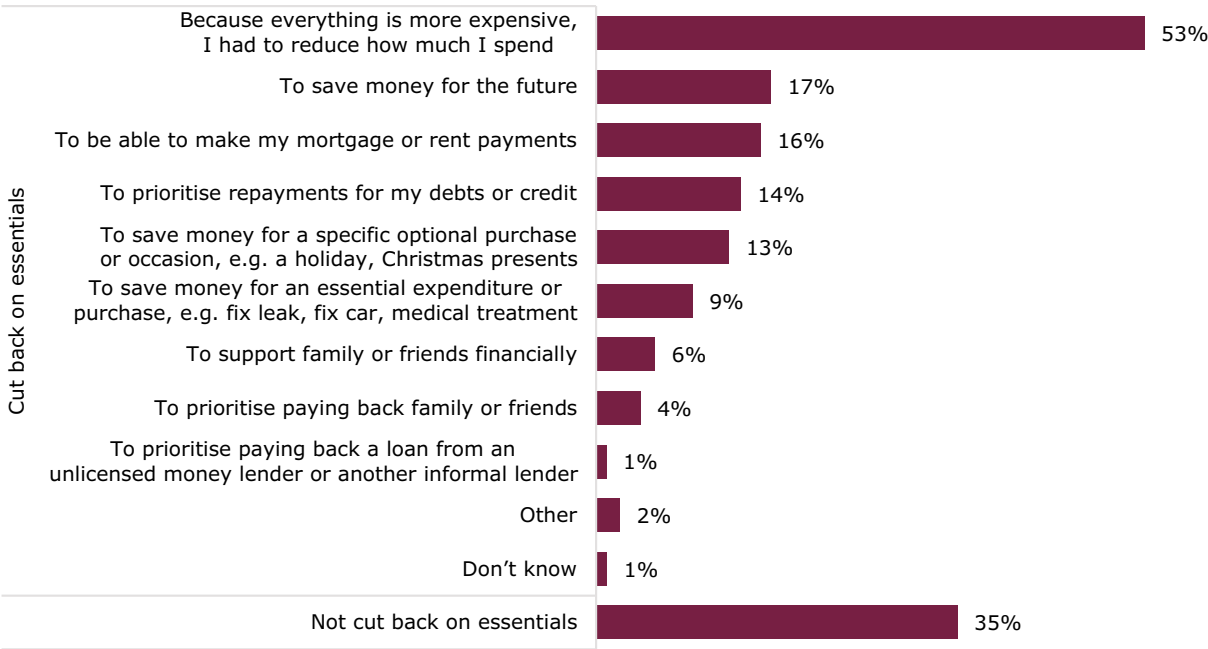
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I have had to reduce my energy use, so my flat is often uncomfortably cold. And I avoid cooking meals in the oven and keep the lights off as much as possible. I also have had to reduce the number of times I pay for activities for my child like swimming, days out, cinema – and I can't afford to go on holiday. It has meant worrying about money each month.
(Female, 45-54, renting, unemployed, finding it quite difficult to cope financially)

”

In the January 2024 survey, we asked adults who had cut back on any essentials (less food shopping, missing meals, heating their home less and/or cutting back on basic household items) why they had done so. The results are shown in Figure 9 as a proportion of all UK adults.

Figure 9: Reasons for cutting back on essentials (Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2024) Base: All UK adults (2024:3,450) Question: Q25a (Rebased). What are the main reasons why, in the last 12 months, you reduced your monthly expenditure on essentials such as food, basic household items or heating?

While the main reason given was very general: to reduce spending as everything is more expensive (given by 53% of UK adults), others cut back on essentials to be able to meet other financial commitments. For example:

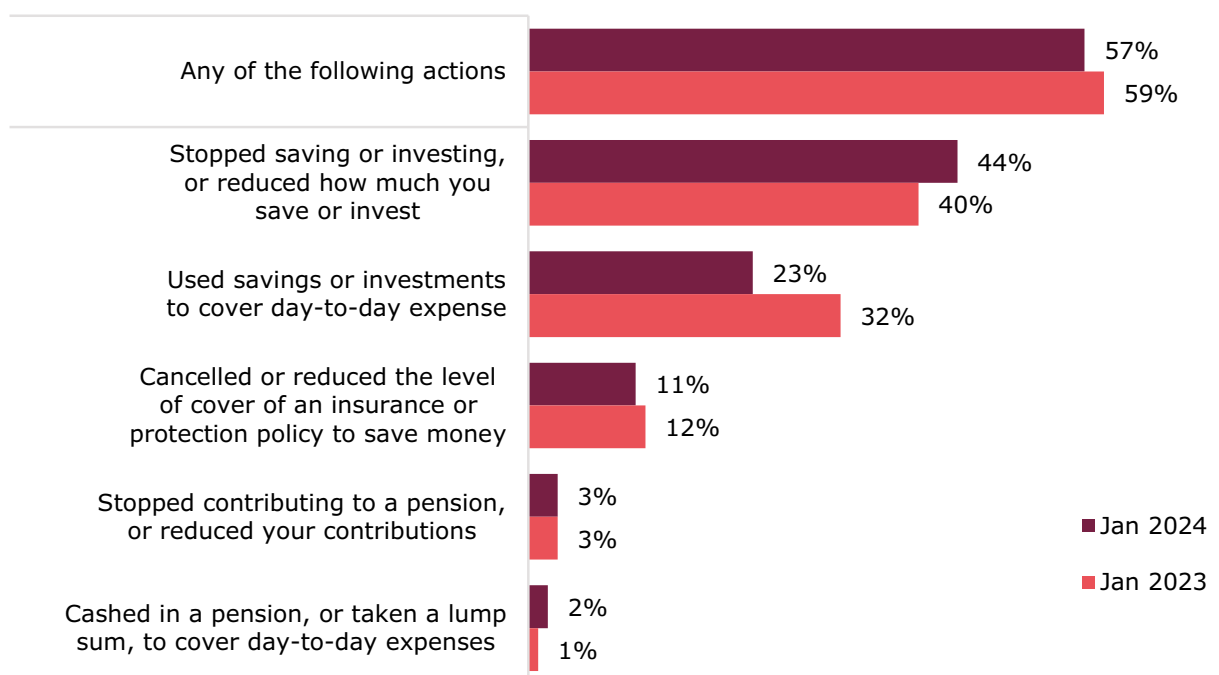
- One in six (16%) adults cut back on essentials to be able to pay their mortgage or rent – this was true for 19% of all mortgage holders and 35% of all renters
- One in seven (14%) cut back on essentials to prioritise paying their debts or credit. The credit and debts most prioritised were credit card bills (9% of adults, or 4.6 million, cut back on essentials to pay a credit card bill), overdrafts (4% or 2.1m) and personal loans (4% or 1.9m)
- Around one in ten (9%) cut back on essentials to prioritise paying back family or friends (4%) and/or to support family or friends financially (6%)

Cutting savings and insurance

We asked adults whether they had stopped saving or investing, used their savings or investments to cover day-to-day expenses, cut back on their pension contributions, cashed in a pension to cover daily expenses, or cancelled or reduced their level of cover of any insurance or protection policies to make ends meet.

As shown in Figure 10, 57% of all UK adults had taken at least one of these measures in the 12 months to January 2024. This is a marginal improvement on the 59% of adults who took one of these measures in the 6 months to January 2023.

Figure 10: Adults who have made particular changes to their existing financial arrangements due to the rising cost of living (Jan 2023/ Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450)
Question: AT29D/P_GI68Dsum / Q2/Q3 sum. In the last 6 months, have you done any of the following, due to the rising costs of living (Jan 2023)/ In the last 12 months, have you done any of the following, to make ends meet? (Jan 2024) **Note:** We only asked adults aged 55+ whether they had cashed in a pension, or taken a lump sum, to cover day-to-day expenses, but results here are shown as a proportion of all UK adults.

In the 12 months to January 2024, well over two-fifth of adults (44%) stopped saving or investing (20%) or reduced how much they save or invest (25%), while 23% used savings or sold their investments to cover day-to-day expenses – all to make ends meet. In total, 53% stopped or reduced savings and/or used their savings, to make ends meet, compared to 56% in the 6 months to January 2023.

“

We are saving less, which is a worry as our mortgage ends in four years and we still owe a very large amount.

(Female, 45-54, mortgage, employed, managing fairly well)

”

“

I am dipping into my savings for normal expenses for the first time in years.

(Female, 65-74, renting, retired, managing fairly well)

”

“

By the time we've paid our mortgage, utility bills, council tax, and other expenses, there's not as much left. I haven't been able to save any money, but at least we are not dipping into what savings we have left.

(Female, 35-44, mortgage, employed, managing fairly well)

”

“

I'm drawing on savings every month just to break even.

(Male, 55-64, lifetime mortgage, unemployed, finding it quite difficult to cope financially)

”

In contrast, relatively few (3%) chose to stop contributing to a pension or reduce their pension contributions to make ends meet, while 2% of adults cashed in a pension fully or took a lump sum from it – again to make ends meet.

For those not coping financially in January 2024 or finding it difficult to cope, the results are starker. For example, 40% – compared with the national average of 23% – used savings or sold their investments to cover day-to-day expenses to make ends meet. And over twice as many (7%) as the national average (3%) stopped contributing to a pension or reduced the level of their contribution.

Looking at results for cutting insurance: 11% of UK adults in the 12 months to January 2024 had cancelled (6%) or reduced (6%) the level of cover of an insurance policy to save money or because they could not afford the premiums. Similar proportions of adults said the same in January 2023, but about their actions in the previous 6 rather than 12 months. So it would seem that the rate at which people are cancelling policies or reducing the level of cover they buy is going down.



We have to be very mindful of what we buy. Groceries alone are costing almost double what they did a few years ago. We have sold a car and cancelled insurance due to it being so expensive.

(Female, 25-29, mortgage, employed, finding it difficult to cope financially)



In the January 2024 survey, we also asked if people had chosen not to buy an insurance policy, either to save money or because they could not afford the insurance premiums: 12% had done this.

For those not coping financially in January 2024 or finding it difficult to cope, the results are again starker. For example, 17% had cancelled or reduced the level of cover of an insurance policy to save money or because they could not afford the insurance premiums (compared with the national average of 11%). And over twice as many (26%) as the national average (12%) had chosen not to buy an insurance policy.

Chapter 6

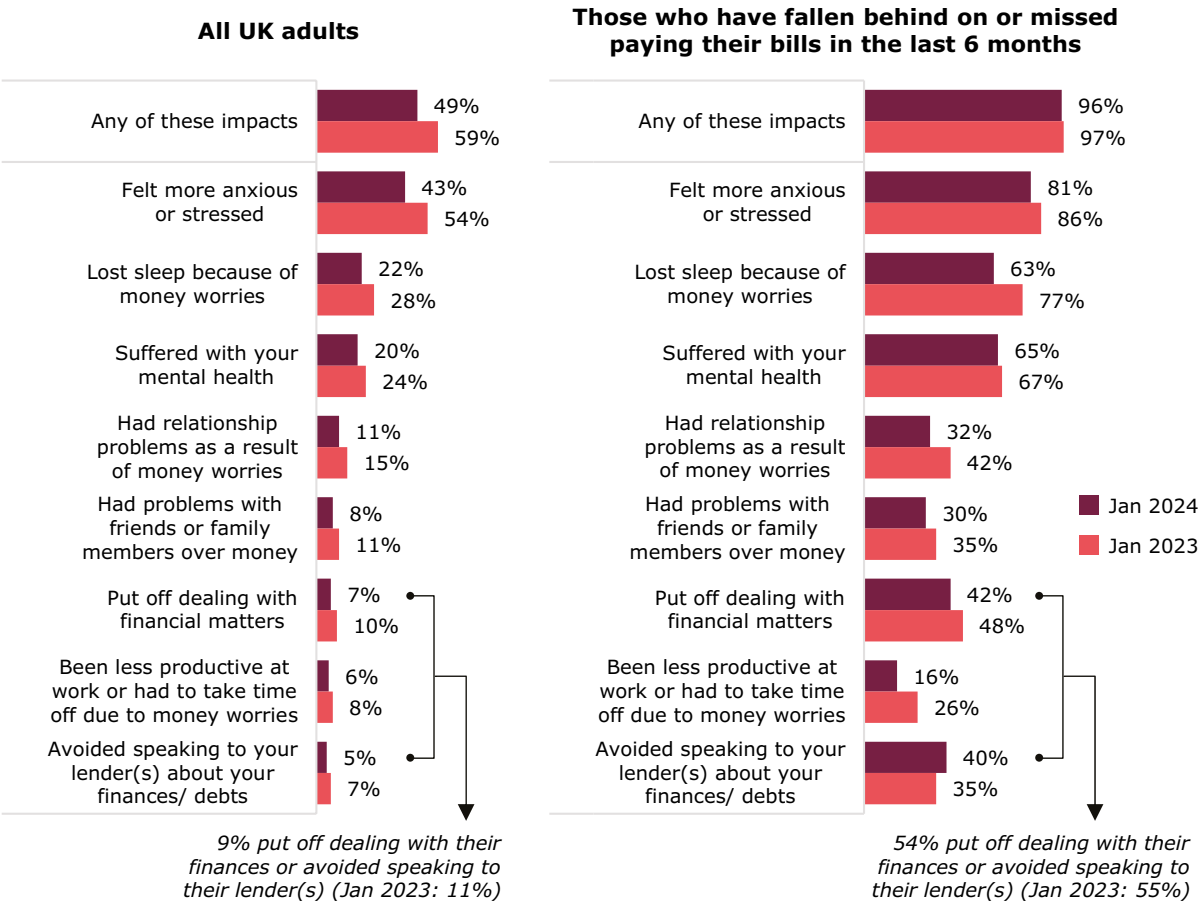
Mental wellbeing and seeking support

We asked adults in January 2024 how the increased cost of living had affected their mental wellbeing in the previous 12 months.

In January 2024, half (49%) of adults reported one or more of the experiences shown in Figure 11 – down from 59% of adults in January 2023 who reported this about the previous 6 months. Most-commonly reported was feeling more anxious or stressed, suffered by 43% of adults asked about this in January 2024, compared with 54% in January 2023.

One in 20 (5%) adults had avoided speaking to their lender about their finances or their debts in the previous 12 months. A similar proportion (7%) had put off dealing with financial matters by, for example, ignoring warning letters or not opening correspondence. Overall, 9% had done either, or both, of these things (down from 11% in the 6 months to January 2023).

Figure 11: Stress-related experiences due to the rising cost of living (Jan 2023/ Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2023/ Jan 2024) **Base:** All UK adults (2023:5,286/ 2024:3,450) excluding 'prefer not to say' responses (2%/3%) / All UK adults who had missed any bills or credit commitments in any of the last 6 months (2023:361/ 2024:213) excluding 'prefer not to say' responses (1%/2%) **Question:** Q14 (Rebased). In the last 6 months (Jan 2023)/ 12 months (Jan 2024), have you experienced any of the following, due to the rising cost of living?

The January 2024 results for adults who had fallen behind on or missed paying any of their bills or credit commitments in the last 6 months showed 96% had experienced one or more of the impacts in Figure 11. This compares with the national average of 49%. Over half (52%) had suffered with their mental health in the previous 12 months, and over half (54%) had put off dealing with their finances or had avoided speaking to their lender(s) about their finances or debts.

“

I have zero disposable income, which is starting to affect my mental state. There is no light at the end of the tunnel.

(Male, 25-34, renting, employed, finding it quite difficult to cope financially)

”

“

... I worry more. I look ahead a lot and wonder when I need to cancel things like pet insurance. I feel I'm in old clothes and don't feel good about myself ... Friends have helped me, but this impacts my emotional health as I feel a failure and feel embarrassed but am not in a place to say no. ... I also worry about losing my dog if I can't afford to look after her. But I'd starve first, as she's sooooo important to me.

(Female, 55-64, own outright, self-employed, not coping financially at all)

”

“

For me, the rising cost of living is making me feel more stressed out ... It affects everything from personal relationships to mental health ... I feel depressed most of the time, and I can't see any hope that it will be better in the near future. I can't figure out what we have done wrong to be in this situation.

(Male, 45-54, renting, self-employed, not coping financially at all)

”

“

I do suffer from depression, and none of this is helping. My main worry is heating the house. We had mould last winter and it is coming back now, and this is partly due to not heating the house fully. I would work more hours, but don't feel mentally I could cope with it. We do feel trapped, but I am also very aware that it could be a lot worse.

(Female, 45-54, renting, employed, managing fairly well)

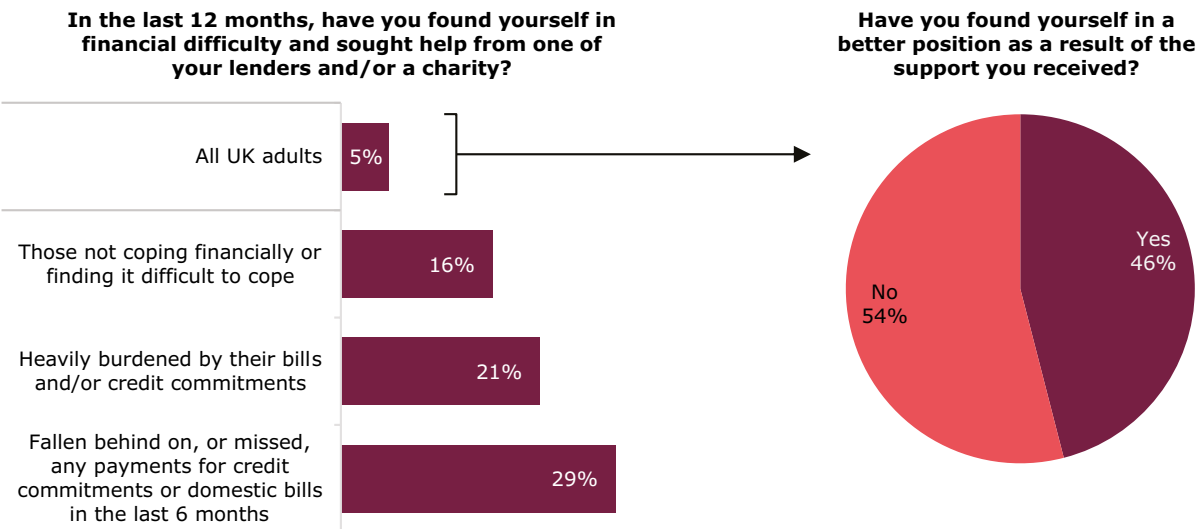
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Seeking help from a lender or debt advice charity

We also asked a new question in January 2024: whether adults, over the last 12 months, had found themselves in financial difficulty (which we did not define for respondents) and had sought help from a lender or from a debt advice or other financial support charity. Figure 12 shows that 5% of adults had sought support in the 12 months to January 2024.

We asked those who had sought support whether they were in a better position because of the support they got – nearly half (46%) considered that they were. We did not ask about the quality of the support, so we cannot assess how useful it was for those not (or not yet) considering they were in a better position.

Figure 12: Adults who have sought help from one of their lenders and/or a charity in the last 12 months, and whether this improved their financial position (Jan 2024)



Source: Financial Lives cost of living recontact survey (Jan 2024) **Base:** All UK adults (2024:3,393) excluding 'prefer not to say' responses (3%)/ All adults who had received support from their lender and/or a charity (2024:100) **Question:** Q26a. Thinking about the last 12 months, have you found yourself in financial difficulty and sought help from one of your lenders and/or a charity as a result?/ Q26b. And have you found yourself in a better position as a result of the support you received from your lender or a debt advice or other charity?

Figure 12 also highlights how many adults who may benefit from help from lenders or debt charities are not seeking it. For example, just one in five (21%) adults who felt heavily burdened by their debts sought help in the last 12 months, and just three in ten (29%) of those who had fallen behind on or missed paying their bills did so.

We asked people to tell us how the support they received had helped them. StepChange and Citizens Advice were the charities most commonly mentioned as providers of support. Users were grateful for help in arranging debt relief orders (DROs) or debt management plans, for information about benefits they were entitled to and for help prioritising their bill payments.

Some people praised mortgage lenders for helping them to lower their payments through increasing the term or changing to a better rate, or by agreeing to a payment holiday. Others referred to lenders who allowed lower monthly payments or froze interest payments.

“

I sought support from Citizens Advice Bureau. They helped with any money worries and prioritised things I need to pay. The support meant a lot – so I didn’t have to worry who to pay.

(Female, 19-24, renting, temporarily sick with no job to go to, finding it very difficult to cope financially)

”

“

StepChange helped me sort out an additional debt – and did not judge.

(Female, 65-74, lifetime mortgage, retired, managing fairly well)

”

“

I missed a mortgage payment and nearly got evicted. And the bank helped me very much, and I am now in a repayment deal that includes the arrears for my mortgage.

(Female, 25-34, mortgage, employed, managing fairly well)

”

“

I was struggling to make my monthly repayments on a loan. I managed to get an agreement with the lender to reduce the amount I pay for three months, after which I was able to clear the remainder of the outstanding balance. The support meant that I did not have to worry as much about falling into further arrears and incurring missed payment charges.

(Male, 45-54, renting, student, finding it very difficult to cope financially)

”

//

I contacted two of my credit card companies to ask for my cards to be frozen, so I could not use them and to have a payment plan put in place to help me get back on track with paying them off. It made it less stressful for me knowing they were frozen for a set period where I wouldn't be charged things like interest and could focus on just making the agreed-upon payments.

(Female, 25-34, renting, long-term sick or disabled, finding it quite difficult to cope financially)

//

//

I entered a 'reduced payment plan' for a short period of time which allowed me to catch up with my finances.

(Male, 45-54, renting, employed, managing fairly well)

//

Jasmine's story

Jasmine is in her late 20s. She lives in rented accommodation in a village in Scotland. She receives Universal Credit and disability benefits, as she cannot work due to long-term sickness and disability.

She is finding it quite difficult to cope financially. Her bills, which were already a heavy burden before the recent rises in the cost of living, have increased significantly. As a result, she has cut back on essentials, such as her food shopping and the amount of electricity she uses, to save money. She has also saved money by switching some of her insurances to cheaper policies.

Jasmine got into financial difficulties last year as the result of an unexpected vet bill. Her dog became unwell, and she felt that she had no choice but to pay for the medical treatment on her credit cards. Before this happened, she had been managing to keep up with her minimum monthly payments.

A friend suggested that she contact her credit card companies for help, as she had been avoiding the issue. Jasmine said she was able to speak to someone quickly. While she felt it was a little awkward explaining her situation to a stranger, her lenders treated her with empathy and didn't make her feel uncomfortable.

Her two credit card lenders agreed to freeze the interest and other charges on her card for 6 months.



When I initially called, I had no expectations. ... But I was pleasantly surprised they were so helpful. It gave me the breathing space I needed to get things under control. Things are now back on track. I am paying things off.

I would absolutely say to anyone else in a similar situation to get in touch with their lenders. Even if you think it's too far gone for them to be able to help, they do provide advice and guidance on who to go to and contact. And I got practical help to manage the debt. It is a helpful experience and is worth doing.



Team and acknowledgments

The Financial Lives team is part of part of the FCA's Market Research team, managed by Gareth Thomas.

Martyna Elliot-Cooke was responsible for the survey design and management. Margaret Watmough, who leads the Financial Lives project, co-authored this report. Tong Yu and Catrin Nichols provided considerable support on the project.

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