

Financial Lives 2022

Key findings from the FCA's Financial Lives
May 2022 survey

26 July 2023



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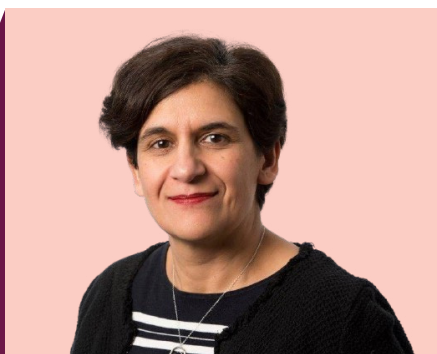
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Foreword

The past few years have been tumultuous for consumers. The cost of living has risen and continues to do so. Inflation has increased, putting pressure on people's finances as basic goods and services become more expensive. This includes the cost of financial products like mortgages and insurance, where prices have gone up. People have also been living with the after effects of the Covid pandemic and the consequences of the war in the Ukraine.

It's against this backdrop that we set out our three-year Strategy, focusing on reducing and preventing serious harm, setting and testing higher standards and promoting competition and positive change.

Around 52 million UK adults use financial services, so it's essential that we understand their diverse experiences. We use our Financial Lives survey to help us do that. This report sets out the results of our latest survey, carried out largely in May 2022, as well as a shorter follow-up survey focused on the impacts of the rising cost of living in January this year.

As the cost of living increased, the number of UK adults with low financial resilience increased by a million from 11.9 million in February 2020 to 12.9 million in May 2022. Use of credit is growing – over 15 million people saw their unsecured debts increase in the six months to January 2023. Over that same period, 5.6 million adults had missed paying a domestic bill or meeting a credit commitment in three or more months, up by 1.4 million from the 4.2 million people who missed paying domestic bills or loans in three or more of the six months to May 2022.

We've taken action to support consumers with the rising cost of living including by securing £47 million in redress for borrowers in financial difficulty who were poorly treated by their provider. We will continue to do so. Our actions include enabling firms to provide relief for borrowers dealing with higher interest rates on their mortgage.

We have also introduced the Consumer Duty to set higher and clearer standards of consumer protection to improve consumer outcomes. Our new rules will require firms to act to deliver good outcomes for their consumers by acting in good faith, avoiding causing foreseeable harm, and enabling and supporting customers to pursue their financial objectives.

The results from the Financial Lives 2022 survey show us that consumers continue to report problems with customer services or with communications that don't help them make good decisions. In the year to May 2022, 4.3 million people received information from their provider that they could not understand, was not what was needed or was not timely. Over the same period, 14% of adults who held one or more financial products – or 7.4 million people – unsuccessfully attempted to contact one or more of their financial services providers. And 3.6 million people were able to contact one of their financial services providers but could not get the information or support they wanted.

The survey also highlights some encouraging improvements in consumers' experiences. There are clear trends showing more people digitally active in financial services, as well as a reduction in the number of people who do not have a current account. Innovation and improvements in digital services seem to be making things easier for many consumers. Most consumers are switching away from traditional channels in favour of digital solutions in banking, with almost nine in ten (88%) adults banking online or using a mobile app in 2022 – up from 77% in 2017. Digital payments have increased for consumers of all ages. The survey results are vital to our work and provide us with a wealth of data about the financial realities for different groups of people. This includes the access they may have to different products and the challenges they face, and how their experiences differ depending upon their income, ethnicity, vulnerabilities or otherwise.

The survey also helps us and others to track progress against the outcomes we want to achieve. For example, we make extensive use of the survey results to provide data for the outcomes and metrics detailed in our [Annual Report](#).

In this report we present 2022 results alongside those from the earlier surveys in 2017 and 2020 to show trend data over the past six years. We are also publishing the full data tables on our website and six decks of slides, each one focused on a particular retail sector, to make more results more accessible. By the end of August, we will make the raw survey data available through the Consumer Data Research Centre at University College London.

I encourage financial services firms to use these results to better understand the needs and experiences of their customers and target markets, as they are required to do under the Consumer Duty. Similarly, I encourage consumer bodies, the Government, policymakers, academics, other regulators and those with an interest in personal finance and the regulation of financial services, to use the survey results.

Please contact us at financiallivessurvey@fca.org.uk, to share your use of the survey findings. We would also like to hear any suggestions to help us improve future surveys.

Nisha Arora
FCA Director for Cross-Cutting Policy and Strategy

Executive summary

Introduction

As a consumer-focused and data-led regulator, it is vital that we understand the realities of consumers' changing financial lives. Financial Lives, our flagship survey of UK consumers, provides nationally representative data about consumers' attitudes towards managing their money, the financial products they have and their experiences of engaging with financial services firms. The survey helps us identify harm and respond to it. We use it to help track and monitor consumer experiences, and we make the data available for others interested in helping drive improvements in consumer outcomes.

The survey takes place approximately every two years and is designed to provide longer-term trend data. Our third Financial Lives survey was conducted largely in May 2022. In this report, we compare the results with those from two previous surveys in 2020 and 2017. We also draw on a short survey conducted in January 2023 that focused on the impacts of the rising cost of living on people around the UK.

This executive summary is in three parts:

- First, we show the detrimental impact of the rising cost of living on consumers' finances
- Against this backdrop, we explain the importance of the Consumer Duty and explore some of the Financial Lives results that are relevant to the outcomes it seeks to achieve
- Finally, we look at how the wider market has evolved since our earlier Financial Lives surveys and changing trends in product holdings, access, use of digital services, trust, fraud and scams, and vulnerability

Low financial resilience and the rising cost of living

The impact of the rising cost of living on consumers' finances

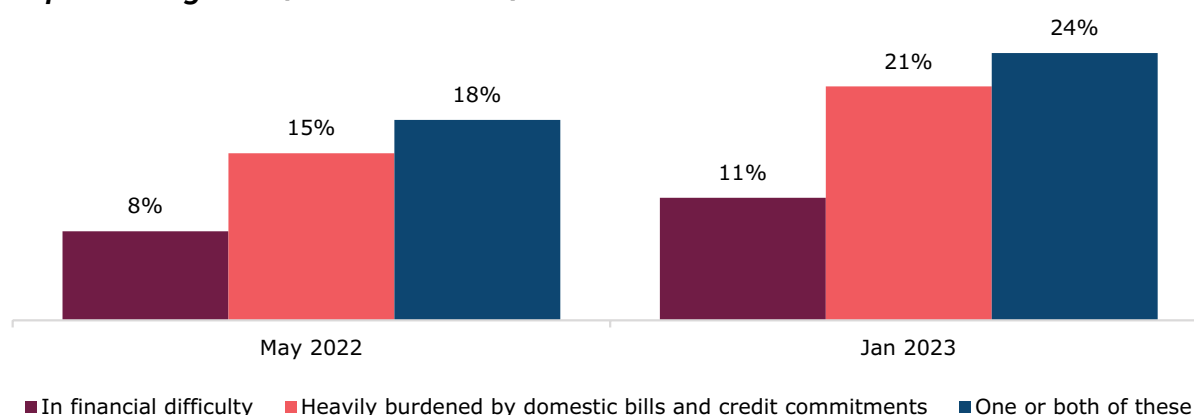
Our survey data tracked the impacts of the rising cost of living between May 2022 and January 2023. In January 2023 nearly nine out of ten adults had cut back on spending over the previous six months. Most people had seen their financial situation worsen, and over a third were finding it impossible or difficult to cope financially.

In May 2022, 12.9 million UK adults had low financial resilience. Adults are described as having low financial resilience if they are in financial difficulty because they have missed paying domestic bills or credit commitments in three or more of the previous six months; because they could quickly find themselves in difficulty as they are heavily burdened by their existing commitments, or because they have very limited savings.

The rising cost of living in 2022 had a significant financial impact on the financial lives of many adults in the UK, as Figure ES.1 highlights. For example, the proportion of adults in financial difficulty went up from 8% (4.2m) in May 2022 to 11% (5.6m) in January 2023. The number of adults finding it a heavy burden to pay these bills also increased – from 15% (7.8m) in May 2022 to 21% (10.9m) in January 2023.

This also means that, in total, those in financial difficulty and/or finding it a heavy burden to pay their bills went up from 18% (9.6m) to 24% (12.8m) over the same period.

Figure ES.1: Being in financial difficulty and finding paying domestic bills and meeting credit commitments to be a heavy burden – experiencing either/ experiencing both (2022/Jan 2023)



Source: FLS/ Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (2022: 19,145/ Jan-23: 5,286) **Question:** K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months? These 3 months don't necessarily have to be consecutive months./K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?/K1K2sum (Rebased). MaPS over-indebted algorithm **Note:** Results for 'heavy burden' exclude 'don't know' responses (5%/3%), results for 'either of these' exclude 'don't know' responses (2%/0%)

Other results showing that the financial circumstances of adults around the UK worsened in the six months to January 2023 include:

- 77% (40.9m) of UK adults felt that the burden of keeping up with their domestic bills and credit commitments had increased
- 70% (37.1m) had seen their financial situation worsen
- 71% (36.9m) either had no disposable income (15%) or had seen their disposable income decrease (56%)
- 29% (15.3m) had seen their unsecured debt increase
- 29% of adults with a mortgage in May 2022 and 34% of those renting in May 2022 had experienced payment increases – in total, therefore, 18% (9.6m) of UK adults had had mortgage or rent payment increases

We asked adults, after they had reflected on their financial situation overall, how they were coping financially. Over a third (36% or 18.9m) were not coping: 3% were not coping financially at all; 11% were finding it very difficult to cope, and 22% were finding it quite difficult to cope. Those struggling most included the unemployed, those in low-income households, adults from minority ethnic groups and renters.

Using savings and investments to live on

In the six months to January 2023, almost six in ten (57%) UK adults had dipped into savings and investments, including pension savings, or they had stopped saving.

In the six months to January 2023, more than half (56%) of UK adults had stopped saving or investing, had reduced how much they were saving or had used their savings to meet their daily expenses, due to the rising cost of living. This equates to 29.4 million people.

In May 2022, slightly less than half (46%) of all UK adults were making pension contributions or their employer was contributing on their behalf. However, in January 2023, 6% of these adults reported that they had either stopped contributing entirely or had reduced their contributions in the past six months, attributing this to the rising cost of living. This amounts to 3% of all UK adults, or 1.5 million individuals.

We asked adults aged 55+, who had a DC pension in accumulation in May 2022, whether they had fully encashed their pension, or taken out a lump sum, to cover day-to-day expenses due to the rising cost of living in the six months to January 2023. Six percent had done so, equating to 1% of UK adults or 0.3 million people.

Cancelling general insurance and protection policies to save money

In the six months to January 2023, 3.6 million UK adults cancelled at least one general insurance or protection policy – specifically due to the rising cost of living.

In the six months to January 2023, one in eight adults (13% or 6.2m) who had held insurance or protection policies in May 2022 cancelled at least one of their policies (8% or 3.6m) and/or reduced the level of cover on at least one of their policies (7% or 3.1m), specifically to save money due to the rising cost of living.

Compared with the national average of 13%, unemployed adults were three times (39%) as likely to cancel or reduce the level of cover on a policy. More women (15%) did so than men (12%). More renters (17%) did so than those who owned their home outright (9%). Those adults with a household income of less than £15,000 a year (19%) were twice as likely to do so as those with £50,000+ (10%).

The most-commonly cancelled general insurance policies were mobile phone insurance (cancelled by 27% of those who cancelled a policy in the six months to January 2023), pet insurance (25%), gadget insurance (21%) and extended warranty (20%).

A significant toll on mental wellbeing

54% of UK adults reported in January 2023 feeling increased levels of anxiety or stress due to the cost of living – this rose to 86% of those who were not coping financially or were finding it very or quite difficult to cope.

More than half of all UK adults (54%) – equivalent to 28.4 million people – reported feeling increased levels of anxiety or stress due to the cost of living. Just under three in ten (28%) reported losing sleep because of money worries; nearly a quarter (24%) reported suffering with their mental health, and 15% had had relationship problems because of their money worries.

Those not coping financially at all or finding it very or quite difficult to cope reported the worst results: 86% had increased levels of anxiety or stress due to the cost of living; 63% were losing sleep because of money worries; 53% were suffering with their mental health, and 33% had had relationship problems because of their money worries.

Those not coping financially were also more than twice as likely as the UK average to put off dealing with financial matters, for example by ignoring warning letters or not opening correspondence (24% vs. 10% of all UK adults); to be less productive at work or to have had to take time off due to money worries (17% vs. 8%); and to have avoided speaking to their lenders about their finances or debts (17% vs. 7%).

Consumer Duty

In the context of the rising cost of living and the impact it has had, the Consumer Duty is a key tool for securing good consumer outcomes as firms must act to deliver them.

Our Consumer Duty sets higher and clearer standards of consumer protection across financial services and requires firms to put their customers' needs first. Firms must act in good faith, avoid causing foreseeable harm, and enable and support customers to pursue their financial objectives. The Duty means consumers should receive communications they can understand, products and services that meet their needs and offer fair value, and that they get the customer support they need, when they need it.

For the 2022 survey we added new questions to provide insights into how effectively firms were already meeting the requirements of the Consumer Duty before it comes into force in July 2023.

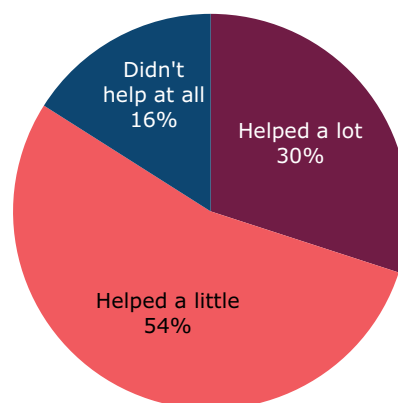
Customer support

In the 12 months to May 2022, 84% of those who used customer support services in the last 12 months agreed that it helped them achieve what they wanted to do, but 16% said it did not help at all. Adults with one or more characteristics of vulnerability were more likely to report that customer support services did not help them at all.

Around half (53%) of adults said they did not use customer support services in the last 12 months. Of those who did, 84% agreed that it helped them achieve what they wanted to do – as Figure ES.2 shows.

Adults with one or more characteristics of vulnerability were more likely to report that customer support services did not help them at all to achieve what they wanted to do. For example, 20% of those with low financial resilience and 20% of those with low capability reported that provider communications did not help at all, compared with 12% of those with no characteristics of vulnerability.

Figure ES.2: Extent to which customer services helped with decision-making, among those who received customer services support in the last 12 months (2022)



Source: FLS **Base:** All UK adults who hold any financial products (2022: 2,909) excluding 'don't know' (12%) and 'Not dealt with any customer services in the last 12 months' (53%) responses **Question:** CD14 (Rebased). Thinking about all times you have dealt with your financial service providers' customer services in the last 12 months, to what extent did support from customer services help you to achieve what you wanted to do? For example, this could include things like making general enquiries, raising a complaint, being able to switch or exit from your product, or trying to resolve a problem.

Not all adults were able to contact their provider or get the support they needed. In the 12 months to May 2022, 14% of adults who held one or more financial products – or 7.4 million people – unsuccessfully attempted to contact one or more of their financial services providers. 7% (3.6 million) were able to contact one of their financial services providers but could not get the information or support they wanted.

Many of the problems experienced by consumers relate to customer services, such as poor customer service, IT system failures or service disruption, sales pressure, provider making errors or not following instructions, delays when making changes to an account or when arranging an account, or having unsuitable channels to contact the provider. Retail investment product holders were the most likely to report problems about customer service (11% or 2.2m), followed by those with a day-to-day account (10% or 5.2m) and those with consumer credit regulated agreements (10% or 4.1m).

Products and services that meet consumers' needs and offer fair value

Whilst over two-thirds (68%) of adults said they always or usually shop around for insurance products, far fewer (44%) reported doing the same for other financial products. When they shopped around, most found comparing products straightforward.

Shopping around for financial services products can help consumers ensure they are getting the best deal or most appropriate product for their circumstances. Over two-thirds (68%) of adults said they always or usually shop around for insurance products. Far fewer (44%) reported doing the same for other financial products, such as current accounts, savings accounts and ISAs.

We asked consumers, who had shopped around before taking out their product in the last three years (or in the last four years for annuities and income drawdown), how easy or difficult it was to compare products from different providers. Most found comparing products straightforward. Shopping around for pet insurance got the highest score: 94% found this easy – 38% said very easy, and 56% said fairly easy. Ratings were lowest for annuities and income drawdown. Shopping around for income drawdown got the lowest scores: 68% found this easy – 20% said very easy, and 48% said fairly easy.

The Consumer Duty is also designed to tackle products and services that do not achieve fair value outcomes for consumers. In May 2022, 10% of UK adults reported having been offered in the previous two years a financial product or service by a provider at a price, or with terms and conditions, they felt were completely unreasonable. We also asked product holders to tell us whether, in the previous year, they had had a problem related to fees and costs they felt were not reasonable. Retail investment consumers were the most likely to report unreasonable fees and costs about any of their products (4% did so), followed by those with consumer credit regulated agreements (3%), and by general insurance or protection policy consumers (2%).

Communications consumers find helpful and can understand

For 4.9 million adults who had used provider communications to make a decision in the year to May 2022 the communications did not help at all. This was particularly the case for consumers with characteristics of vulnerability.

Good communications from and with financial services providers are important to help consumers make informed and timely decisions about their financial products. Just over half (51%) of adults said they did not receive any communication in the 12 months to May 2022 to help them make a decision.

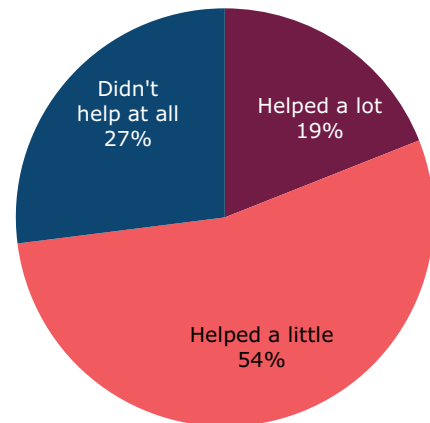
Figure ES.3 shows that among the people who had used provider communications to help them make a decision in the year to May 2022, most (73%) found doing so helped. This equates to 13.4 million people. However, the survey shows that for just over a quarter (27%) of adults who had used provider communications to help them make a decision in the 12 months to May 2022 the communications did not help at all. This equates to 4.9 million people.

Adults with one or more characteristics of vulnerability who had used provider communications to help them make a decision were more likely to report that it did not help (32%), compared with those with no characteristics of vulnerability (19%). This rose to 40% of those with low financial resilience and to 37% of those with low capability.

Over the same period, the 12 months to May 2022, 4.3 million people received information from their provider that they could not understand, was not what was needed or was not timely.

The Consumer Duty places the onus on firms to provide communications that meet the needs of their customers.

Figure ES.3: Extent to which provider communications helped with decision-making, among those who received communication support in the last 12 months (2022)



Source: FLS **Base:** All UK adults who hold any financial products (2022: 2,909) excluding 'don't know' (14%) and 'not applicable – not received any communications to help me make a decision in the last 12 months' (51%) responses **Question:** CD13 (Rebased). In the last 12 months, to what extent have communications from financial service providers helped you make informed decisions?

Consumer trends from 2017 to 2022

Levels of product holding

Since 2017, there has been limited change in product holdings. Among the more notable changes are an increase in adults with investments, but a decline in those with cash savings.

We cover just over 100 different products or groups of products in the survey. Appendix A (Product holdings) includes a [spreadsheet](#) which shows the proportions and numbers of UK adults holding them for 2017, 2020 and 2022.

There has been relatively limited change across product holdings since 2017. However, there are some significant increases and decreases. The increases are in those holding a current account with an e-money institution; in those with an active current account with a digital bank; in those holding investment products (particularly cryptoassets); in non-retirees with a pension in accumulation and in non-retirees currently contributing to a pension, and in the use of any credit or loans. The decreases are in those holding travel insurance policies; in those holding savings accounts and cash ISAs, and in the use of high-cost credit. We now describe these changes in turn, in more detail.

In the current account market, there has been a five-fold increase in the use of current accounts from e-money institutions since 2017 – from 1.3% (or 0.7m) in 2017 to 6.6% (or 3.5m) in 2022. In 2022, use was particularly prevalent among men aged 25-44 (14%), minority ethnic adults (11%) and those with a personal income of £50,000 or more (11%). Far more adults held a current account with a digital bank in May 2022 than did so in 2017 – 11% had an active current account with a digital bank in 2022, compared with less than 0.5% in 2017.

In 2022, 70% of adults (37.1m) had a savings account of any type – down from 72% (36.5m) in 2017. While the most widely held savings products in 2022 were still savings accounts with a bank, building society or with NS&I (held by 54% of UK adults) and cash ISAs (28%), both have declined in popularity since 2017 (59% and 37% held these in 2017, respectively). In contrast there has been a large increase in the popularity of Premium Bonds, with 26% (13.9m) holding these in 2022 – up from 21% (10.6m) in 2017.

In contrast to the downward trend seen in the savings market, the proportion of adults holding investment products has increased. In May 2022, 37% of adults (19.5m) held any investment product (excluding investment property and other real investments) – up from 29% (14.6m) in 2017. Direct holdings of shares and equities remained by far the most commonly-held investment products in 2022. The overall number of adults holding these investments has increased since 2020: by one percentage point for shares and equities (from 20% to 21%), and by three percentage points for stocks and shares ISAs (from 14% to 17%). There was an almost threefold increase in the proportion of adults holding cryptoassets between February 2020 and May 2022: from 2.0% (1.0m) to 5.8% (3.1m).

Since the pandemic, there has been a significant increase in the number of younger adults investing. For example, in February 2020, just one-fifth (19%) of 18-34 year olds had investments – by May 2022, this proportion had increased to three-tenths (29%). On average, new young investors tend to have higher risk appetites than other investors. For example, 16% said they have a moderate to high willingness to take risk when investing, compared with just 4% of new investors aged 55+ and 12% of all investors. Almost half (46%) of them held cryptoassets, two-fifths (41%) had direct holdings of stocks and shares, and over one-third (36%) had a stocks and shares ISA.

The use of credit was high in 2022. Over four-fifths of adults (83% or 44.0m) held at least one credit or loan product in May 2022 or had done so at some point in the previous 12 months. This is up from 78% (39.6m) in 2017. Use of high-cost credit, however, had declined – 5.2 million adults (10%) had a high-cost loan in May 2022 or had had one in the previous 12 months. This was down two percentage points from 2020 (12% or 6.2m).

We asked about deferred payment credit (DPC) (this is often referred to as 'Buy Now, Pay Later' but is currently unregulated by the FCA) for the first time in our 2022 survey. 8.8 million adults (17% of all adults) used DPC in the previous 12 months. DPC use was higher for 25-34 year olds (27% used), Black adults (25%), renters (25%) and women (19%).

There was relatively little change in the mortgage market. Around three in ten adults (28%) had a residential mortgage in their own name or joint names in May 2022. This compares with 29% in 2020 and with 31% in 2017. Considerably more residential mortgage holders had a fixed rate mortgage in 2022 (77%) – up from 62% in 2017 and 72% in 2020.

Just over 1% of adults had a lifetime mortgage in May 2022 – up from 0.3% in 2017. However, this is still small compared with the number of adults aged 55+ who owned their property outright in May 2022.

Auto-enrolment has increased pension take-up. Overall, 57% of all UK adults (29.9m) had a pension in accumulation in 2022, six percentage points higher than in 2017 (51% or 25.9m), but unchanged since 2020 (57% or 29.6m).

The proportion of people holding any insurance product decreased from 86% in 2020 to 84% in 2022. There was also a notable reduction in the proportion of those holding travel insurance policies, compared with February 2020. This reflects the impact Covid-19 had on the tourism industry and the fact that tourism numbers have not yet returned to pre-pandemic levels.

In May 2022 there remained a significant protection gap. Just over half (53%) of all adults did not hold any protection products at all, down one percentage point from 2020 (54%). In 2022, the protection gap was most prevalent among those aged 18-24, unemployed, with a household income of less than £15,000 a year, renting, single, with low or no confidence in managing their money or with characteristics of vulnerability.

Access to products

7% of UK adults were refused a financial product or service in the two years to May 2022 – unchanged from 2020. There was a slight drop in the proportion who did not have their own current account.

12.1 million adults (ie 23% of all UK adults) had different kinds of problems accessing a financial product or service in the two years to May 2022:

- 3.8 million adults (7%) were refused one or more financial products or services – unchanged from February 2020 (3.4m or 7%)
- 5.2 million adults (10%) were offered one or more financial products or services at a price, or with terms and conditions, they felt to be completely unreasonable – up from February 2020 (3.5m or 7%)
- Not all of these 5.2 million people got the product or service they wanted. For example, 33% of the adults offered a credit or loan product at a price, or with terms and conditions, they felt to be completely unreasonable accepted the offer; 20% shopped around and found a better offer from another provider, and almost half (46%) declined the offer

- 6.8 million adults (13%) avoided applying for a financial product or service because they thought they would not be eligible, they would not be able to afford the product or their application would be rejected – this result was captured for the first time in the 2022 survey

The proportion of adults without a current account dropped from 2.5% in 2020 to 2.1% in 2022.

Use of digital banking and payment services

Most consumers are switching away from traditional channels in favour of digital solutions in banking and payments – although cash remains a vital payment method for over 3 million people, including the most vulnerable in society.

Most consumers are switching away from traditional channels in favour of digital solutions in banking. Branch use has declined significantly. In the 12 months to May 2022, just 33% of adults with a day-to-day account carried out banking activities face to face in a branch – down from 63% in 2017. Despite this, use remains higher among older adults: for example, 50% of adults aged 75+ with a day-to-day account carried out banking activities face to face in a branch in the 12 months to May 2022 – down from 82% in 2017.

Online and mobile banking has increased significantly in popularity since 2017. Almost nine in ten (88%) adults banked online or using a mobile app in 2022 – up from 77% in 2017. However, this also means that there were 5.7 million day-to-day account holders in May 2022 who did not bank online or use a mobile app. Adults most likely to be in this group included older adults aged 75+, those who were digitally excluded, heavy users of cash and those who did not have a smartphone.

Over three-quarters (78%) of adults used a cashpoint to withdraw money or check their balance in the 12 months to May 2022. Since 2017, there has been a decline in cashpoint use among adults aged under 55 (79% in 2022, compared with 90% in 2017), but an increase in use among adults aged 55+ (78% and 74%, respectively).

Innovation and new technology appear to be making digital payments easier than ever for consumers of all ages. In May 2022, 91% had made a contactless payment in the previous 12 months – up from 63% in 2017.

The use of mobile wallets is also growing rapidly. This payment method was used by almost half (47%) of all adults in the 12 months to May 2022 – up from just 14% in 2017. Mobile wallets were far more likely to be used by younger adults aged 18-34 (74%) than by adults aged 55+ (23%), and by men (52%) than women (43%).

Payment Initiation Services allow users to make payments directly from their bank account, rather than using a card provided by a third-party such as Visa or MasterCard. In May 2022, less than one in ten (7%) UK adults were aware that they had used these services to pay for something online in the previous 12 months.

In May 2022, 1.6 million adults (3%) said they had used cryptocurrency to pay for goods or services. A further 7.8 million adults (16%) had not ever done so, but they said they would consider using cryptocurrency as a method of payment in the future.

Cash remains a vital payment method for some. In May 2022, 3.1 million adults (6%) paid for everything or most things in cash in the previous 12 months. Nearly six in ten (58%) of these heavy users of cash cited convenience as a reason for how much they use cash; half (50%) gave budgeting reasons, and just under half (47%) cited trust or privacy reasons. Use of cash was highest among digitally excluded adults (26%, compared with the national average of 6%), those aged 85+ (19%), those in poor health (15%), those with low financial capability (12%) and those with low financial resilience (11%).

Confidence and trust in financial services

In May 2022, only 41% of adults, or 21.9 million people, had confidence in the UK financial services industry, and just 36%, or 19 million people, agreed that most financial firms are honest and transparent in the way they treat them.

A lack of trust and confidence can result in consumers not engaging with the financial services industry, or in failing to address their own financial needs. In May 2022:

- only 41% of adults had confidence in the UK financial services industry – unchanged from 2020 and up from 38% in 2017
- just 36% agreed that most financial firms are honest and transparent in the way they treat them – up from 34% in 2020 and from 31% in 2017

Similarly, trust in the different retail financial sectors remains low across all groups. In both 2022 and 2020 banks came out top, although they were trusted highly only by one in five adults in 2022 (20%) and in 2020 (19%). Levels of trust were lower (and in the same descending order for both 2022 and 2020) for mortgage lenders, pension companies, credit card companies, financial advisers and insurance companies. Only 7% of adults expressed high trust in insurance companies in 2022, unchanged from 2020 (7%).

A more positive picture emerges in 2022, as it did also in 2020 and 2017, when consumers rate their own providers. People have higher levels of trust in their own provider than they do in the sector in general. For example, in May 2022, 11% of adults expressed high trust in mortgage lenders, yet 54% of adults with a mortgage had high trust in their own mortgage provider.

Achieving good outcomes for consumers through the Consumer Duty will help build trust, confidence and participation in financial services – a benefit to business, the economy and productivity.

Fraud and scams

6.6 million adults were subject to potentially fraudulent banking activities in the 12 months to May 2022, while 4.7 million received one or more unsolicited approaches about investments, pensions or retirement planning.

In the 12 months to May 2022, 6.6 million adults (13% of those with a day-to-day account) suffered one or more types of actual or potential banking fraud.

Our 2022 survey improved how we collected banking fraud data. As a result, we do not have a directly comparable statistic for 2020. However, we can look at the trends for some types of fraud. For example, in the 12 months to May 2022:

- 2.6 million had their debit, credit or other card(s) used without their permission to take cash from their account. In 2020, 2.3 million adults had any account or card used without their permission.
- 0.8 million adults had money taken from their account in some other way which involved their personal details being used without their permission. In 2020, this figure was 1.0 million.
- 1.6 million were asked to share their online account log-in details, typically involving someone pretending to be their account provider – up from 1.2 million in 2020.
- 1.3 million experienced Authorised Push Payment (APP) fraud, not statistically different to the 1.1 million who experienced APP fraud in 2020.
- 2.2 million were contacted by an individual or company with a request to transfer money through their account, unchanged from 2020.
- 0.5 million adults paid a fee in advance to get a financial product or service that they did not receive. We did not include this question in the 2020 survey.

The Financial Lives survey also explores instances of unsolicited approaches made to people in the previous 12 months involving investments, pensions and retirement planning. We do not know whether these unsolicited approaches were scams, but they might be.

A total of 4.7 million people (9% of all UK adults) received one or more unsolicited approach in the 12 months to May 2022. This is significantly lower than in 2020 (9.3 million or 18%) or 2017 (11.3 million or 22%). This decline coincides with the introduction, in 2019, of a ban which prohibited cold calling about pensions.

Consumers with characteristics of vulnerability

In 2022, compared with 2017, fewer UK adults showed characteristics of vulnerability, largely due to fewer older adults being digitally excluded – but more adults had low financial resilience.

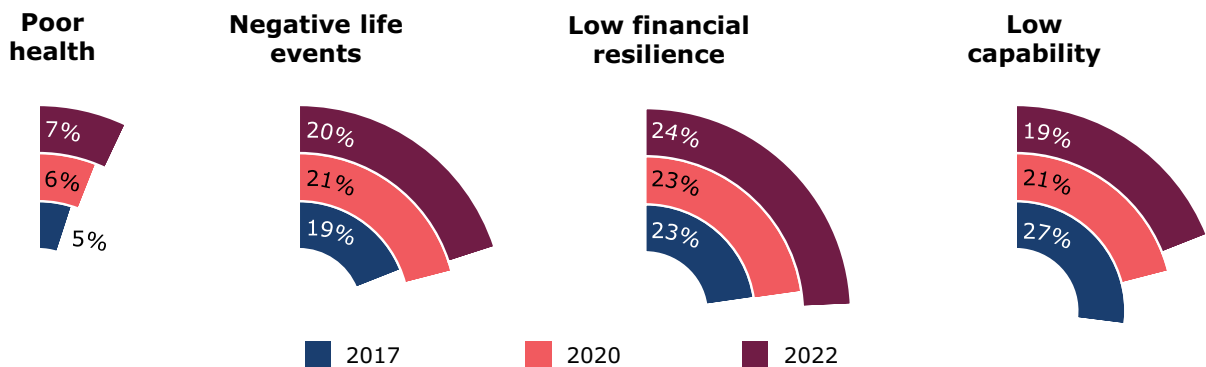
All consumers are at risk of becoming vulnerable but this risk increases if they display characteristics of vulnerability.

In 2017, 51% of UK adults (26.0m) showed one or more characteristics of vulnerability. By February 2020 this proportion had fallen to 48% (25.1m). By May 2022 it had fallen again slightly to 47% (24.9m), although this change was not statistically significant.

In this report, we group characteristics of vulnerability into the four drivers used in our Finalised guidance: poor health, negative life events, low resilience, and low capability. Figure ES.4 shows the proportion of adults who had one or more characteristics of vulnerability under each of the four drivers of vulnerability.

The fall from 2017 to 2020 was driven primarily by a reduction in the number of older people who were digitally excluded, which is a low capability characteristic. Between 2020 and 2022 the proportion of adults with low financial resilience increased by almost two percentage points (from 22.8% in 2020 to 24.4% in 2022), while the proportion of digitally excluded adults decreased by a similar amount.

Figure ES.4: Proportion of adults who show characteristics of vulnerability by the four drivers (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Summary of main vulnerability measures (v2)

The value of looking at survey results by characteristics of vulnerability

The data tables we have published allow you to look at every survey result by whether adults have any characteristics of vulnerability or by specific characteristics, such as low financial capability. This is helpful, for example, in identifying how people with specific characteristics are struggling to interact with financial services, or to assess how much poorer different outcomes are for adults in vulnerable circumstances.

Vulnerability statistics are helpful in identifying the many adults with different characteristics of vulnerability struggling to interact with financial services. Examples from our May 2022 include:

Adults with poor mental health: 40% said they struggled to cope with managing their money; 39% found dealing with customer services on the phone confusing or difficult; 34% were too anxious to shop around for financial products and services in case they made a mistake; 33% put off dealing with financial matters, such as ignoring warning letters, and 28% had fallen into debt because they had not wanted to deal with difficult financial situations.

Adults who had a relationship breakdown in the 12 months to May 2022: 19% struggled to cope with managing their money, and 12% had fallen into debt because they did not want to deal with difficult financial situations.

Adults with low financial capability: 47% said they felt overwhelmed and stressed when they have to deal with financial matters or interact with financial services providers; 34% found dealing with customer services on the phone confusing and difficult; and 15% said they have difficulty dealing with providers as they do not make reasonable adjustments for their specific needs.

Comparing results for those with and without characteristics of vulnerability shows that those in vulnerable circumstances have poorer outcomes and are more likely to experience harm. Examples for May 2022 include:

Being less likely to have private pension provision: 86% of employees with no characteristics of vulnerability had some private pension provision. Yet the same was true of just 64% of employees in poor health, 70% with low capability and 72% with low financial resilience.

Being more likely to have high-cost credit and loans: 10% of UK adults had these in May 2022. This rises to 14% of adults with characteristics of vulnerability, and to 18% of adults with poor health and 21% with low financial resilience.

Being less likely to use digital banking services and to switch providers if you have low financial capability: almost nine in ten (88%) adults banked online or were using a mobile app in 2022 – 79% adults with low financial capability did so, compared with 89% of everyone else. Just 32% of home contents and buildings insurance policyholders with low financial capability had switched provider in the three years to 2023, compared with 51% of those who do not have low financial capability.

Being less likely to take precautions against fraud: 68% of adults with no characteristics of vulnerability always or sometimes do each of the following – covering their PIN when withdrawing money from a cashpoint or using their bank or credit cards to pay for goods; disposing securely of their statements and documents that contain information about their financial affairs; checking an internet site is secure when giving their bank or credit card details, and checking their statements for unfamiliar transactions. In comparison, 54% of adults in vulnerable circumstances did this. This drops to 42% of adults with low financial capability.

Being less aware of the FCA and our consumer helpline: 73% of adults with no characteristics of vulnerability were aware of the FCA and 36% were aware of our consumer helpline, compared with 56% and 24%, respectively, of adults in vulnerable circumstances.

The Consumer Duty will require firms to consider the range of needs in their target market, including characteristics of vulnerability, and to factor this in to how they design and sell products and services to their customers. For example, this should improve the situation for consumers with characteristics of vulnerability being unable to access and use a product or service properly because the customer support is not accessible to them.

Key findings

How many UK adults show characteristics of vulnerability?

- **24.9 million had characteristics of vulnerability** in May 2022: a decrease of 0.2 million since February 2020
- **12.9 million had low financial resilience** in May 2022: an increase of 1.0 million since February 2020
- **7.8 million found paying their domestic bills or meeting their credit commitments a heavy burden** in May 2022: an increase of 2.0 million since February 2020

12.9m
had low financial
resilience

Some of the impacts of the rising cost of living in the six months to January 2023

37.1m

had seen their
financial situation
worsen

- 40.9 million felt that the burden of keeping up with their domestic bills and credit commitments had increased
- 37.1 million had seen their financial situation worsen
- 36.9 million either had no disposable income or had seen their disposable income decrease
- 18.9 million said they were not coping financially or were finding it difficult to cope
- 15.3 million had seen their unsecured debt increase

Money and mental wellbeing

- Of adults with **poor mental health** in May 2022
 - 39% found dealing with customer services on the phone confusing or difficult
 - 33% put off dealing with financial matters, such as ignoring warning letters
 - 28% had fallen into debt because they had not wanted to deal with difficult financial situations
- 12.3 million adults felt that their credit or loan debt had had a detrimental impact on their wellbeing in the 12 months to May 2022 – 11.2 million cited **anxiety and stress**, 5.8 million **embarrassment**, and 4.2 million **loneliness or a feeling of having nowhere to turn**
- 54% of all UK adults in January 2023 reported feeling increased levels of **anxiety or stress** due to the cost of living – and 24% reported **struggling with their mental health**

• Diversity and inclusion – highlighting issues for those with protected characteristics in May 2022

- More **women** (52%) than men (42%) had characteristics of vulnerability
- **Women** were almost twice as likely (17%) as men (10%) to have low financial capability
- **Women** were more likely (28%) than men (21%) to have low financial resilience
- On average, **women** had fewer investible assets than men (£34,000 vs. £52,000)
- Retired **women** were more likely than retired men to say that the State pension is their main source of income than men (48% vs. 31%)
- More **women** (27%) than men (21%) who applied for a credit or loan product in the previous two years were turned down
- Of frequent users of deferred payment credit – those who had used it at least 10 times in the previous 12 months – 75% were **women**
- Three times as many **women** (17%) as men (6%) used catalogue credit
- More **women** (21%) than men (12%) lack confidence in their own ability to find financial products and services that are right for them
- More **women** (24%) than men (17%) said they do not have a good understanding of how much financial products and services cost
- More **Black** adults (62%) had characteristics of vulnerability than the national average of 47%
- More **Black** adults (44%) had low financial resilience than the national average of 24%
- **Black** adults were twice as likely as the national average to have high-cost credit or loans (20% vs. 10%)
- **Black** adults (16%) were over twice as likely to be in financial difficulty than White adults (7%)
- Fewer **Black** (60%), **Asian** (53%) and **mixed/multiple ethnic** (59%) adults had any private pension provision than White adults (76%)
- Fewer **Black** (53%) and **Asian** (52%) adults had a savings account than White adults (74%)
- Four times as many **Asian** adults (4%) as the national average (1%) had no current account or savings account to make day-to-day payments and transactions
- 32% of **minority ethnic group** adults had no general insurance policies compared with just 13% of adults not in minority ethnic groups
- For 44% of **minority ethnic** adults the amount of debt they owed on credit products increased in the 6 months to January 2023, compared with 27% of adults not in minority ethnic groups
- **Minority ethnic group** adults were over one and a half times more likely in January 2023 (52%) to say they were not coping financially or finding it difficult to cope, compared with adults not in minority ethnic groups (33%)



**On average,
women had
fewer investible
assets than men**

• What does the FCA mean to people?



65%

**of adults were
aware of the FCA**

- **34%** were aware of the Financial Services Register of firms on our website
 - **30%** were aware of our consumer helpline
 - **22%** were aware of our ScamSmart website
-
- Of adults aware of the FCA only a minority knew what the use of the 'FCA badge' by providers means:
 - 34% knew that saving or investing money with a firm authorised by the FCA did not mean their money was safe
 - 30% knew that authorisation of a firm by the FCA did not mean that they could put aside any concerns about the firm
 - 23% knew that FCA authorisation of a firm does not mean that the FCA has approved all the products the firm sells

Some facts and figures on the wider theme of financial inclusion, comparing May 2022 and February 2020 results

Low income and low savings

- 30% of UK adults had no savings or investments or less than £1,000 – improved from 37% in 2020
- 17% had a household income of less than £15,000 a year – down from 18% in 2020
- 41% had a limited savings buffer, in that they could not cover their living expenses for three months or more if they lost their main source of household income – unchanged from 2020
- 60% said paying their domestic bills or meeting their credit commitments was a burden – worsened from 52% in 2020
- 10% had missed paying one or more of these bills in at least one month of the last six – unchanged from 2020

**41% had
a limited
saving buffer**



Credit and debt

- 10% used high-cost credit – down from 12% in 2020
- 8% were constantly or usually overdrawn – down from 10% in 2020
- 20% of mortgage holders had outstanding mortgage debt at least 4 times their annual household income – unchanged from 2020
- 4% had persistent credit card debt – down from 6% in 2020

Lacking financial confidence and skills

- 14% had low financial capability – unchanged from 2020
- 16% were 'overwhelmed' when it comes to financial numeracy questions – not statistically different from the 15% who were 'overwhelmed' in 2020



**19% had low confidence working with
numbers when they need to**

- 19% had low confidence working with numbers when they need to in everyday life – unchanged from 2020
- 24% had low confidence in managing their money – not statistically different from the 23% with low confidence in 2020
- 38% assessed their knowledge of financial matters as low – unchanged from 2020

Lack financial products

- 2.1% had no current account – down from 2.5% in 2020
- 16% had no general insurance policies – up from 14% in 2020
- 53% had no life insurance or any other protection policy – down from 54% in 2020
- 58% of adults with £10,000 or more held all or most of their money in cash savings and not in investments – up from 55% in 2020

Access to cash and banking services

- 6% used cash for all or most things in the previous 12 months – down from 11% in 2020
- 52% of these heavy cash users in May 2022 were finding it more difficult to withdraw or deposit cash because a local bank branch, Post Office or cashpoint had either permanently closed or reduced its opening hours
- 15% found it difficult using their normal forms of transport to get to a bank, building society or credit union, or to a Post Office or cashpoint, rising to 23% among heavy users of cash
- 7% were digitally excluded – down from 9% in 2020
- 88% banked online or using a mobile app – up from 85% in 2020. This means that, in 2022, 5.7 million day-to-day account holders did not bank online or use a mobile app
- For 30% (14.9m) of current account holders their account offers a cheque book – down from 38% in 2020. Half of these adults (50% or 7.4m) used their chequebook in the 12 months to May 2022 – down from 65% in 2020



**6% used cash
for all or most
things in the
previous 12
months –
down from
11% in 2020**

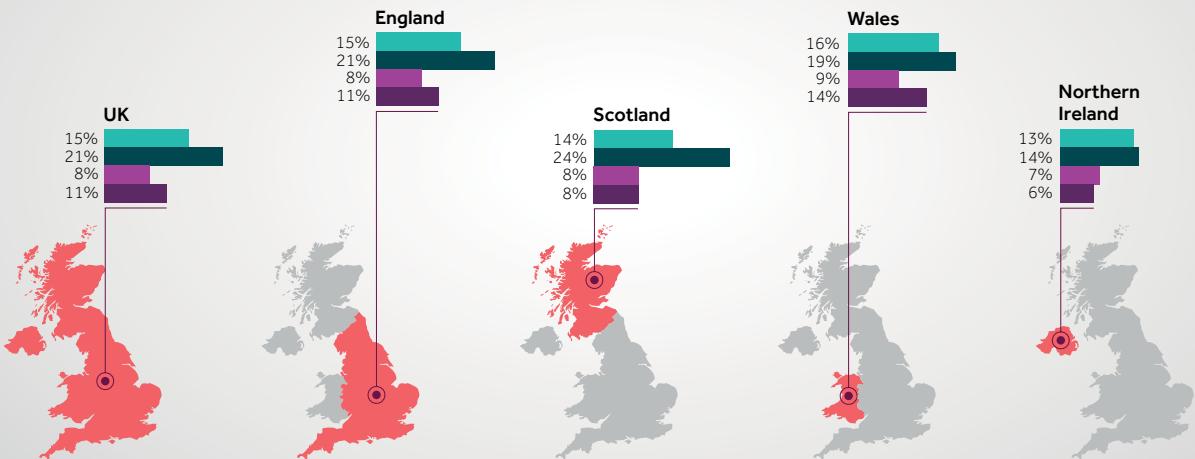
Struggling with bills across the UK

May 2022

Keeping up with bills and loans is a heavy burden In financial difficulty

January 2023

Keeping up with bills and loans is a heavy burden In financial difficulty



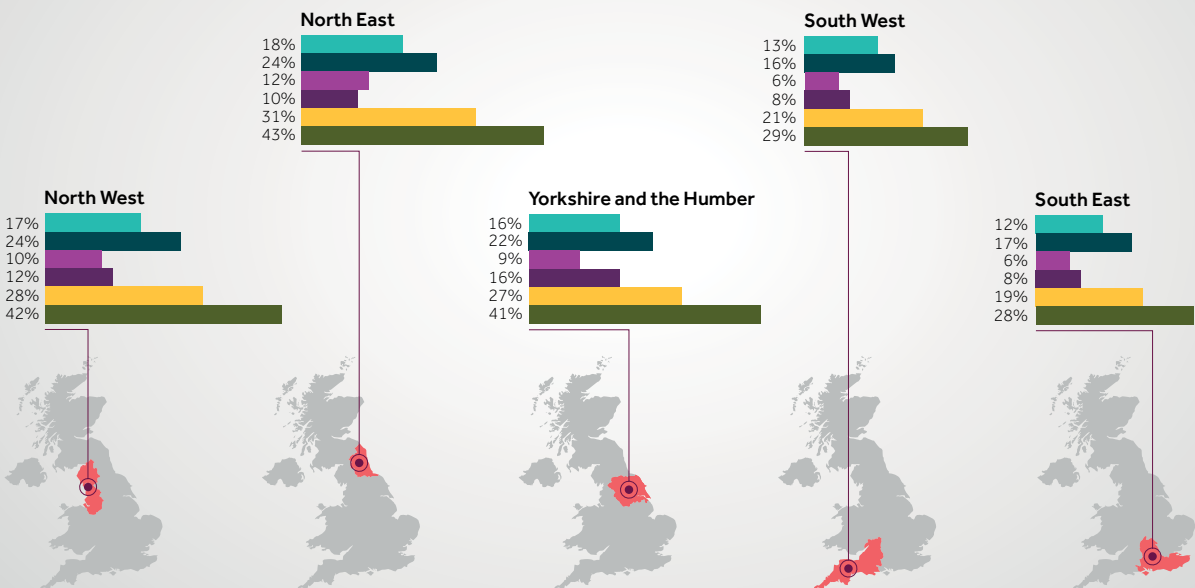
The North-South divide

May 2022

Low financial resilience Keeping up with bills and loans is a heavy burden In financial difficulty

January 2023

Not coping financially at all, or finding it very or quite difficult to do so Keeping up with bills and loans is a heavy burden In financial difficulty



Chapter 1

Introduction to the Financial Lives survey and to this report

In this chapter, we introduce the Financial Lives 2022 survey, which is our third Financial Lives survey, and provide a summary of the content of each of Chapters 2 to 8. We also explain how you can access the full results, including our new sector-based reports.

The Financial Lives survey

The Financial Lives survey (FLS) is the UK's largest tracking survey of UK adults' financial behaviour and their perceptions and experience of the UK financial services industry. The survey is nationally representative. It takes place approximately every two years and is designed to provide longer-term trend data.

The survey reveals a wealth of information about the financial products consumers have, their engagement with financial services firms and their attitudes to managing their money – among many other topics. It provides strong evidence of how these behaviours and attitudes change over time. We can look at findings for many different consumer groups, such as women or younger adults or the digitally excluded or adults from ethnic minorities.

As we have a statutory consumer protection objective, it is vital that we have the data to understand the realities of consumers' changing financial lives. The data helps us to deliver on this and our other statutory objectives by identifying harm, and by monitoring and tracking consumer outcomes. The data also provides valuable insights for the financial services industry, the Government, policymakers, consumer bodies, other regulators and academics.

The research sources used in this report

Our Financial Lives 2022 survey and associated research

Fieldwork for our **Financial Lives 2022 survey** took place between 1 February 2022 and 6 June 2022. A majority (over 60%) of the 19,145 survey respondents completed it in May 2022. When we report findings from the survey we sometimes refer to 2022 and sometimes to May 2022.

From 6 December 2022 to 16 January 2023, we conducted a short survey, recontacting respondents to our Financial Lives 2022 survey to ask them to take part. As the majority (nearly 70%) of the 5,286 respondents took part in January 2023, and as the survey focused specifically on the rising cost of living and its impacts for people around the UK, we refer to this as our **Financial Lives cost of living (January 2023) recontact survey**.

As well as the largescale, quantitative research findings we present in this report, we also bring alive some themes – including the financial impacts of the rising cost of living – through individual stories and quotes. These come largely from **qualitative research** we conducted by telephone and video calls from 18 January to 28 February 2023. The respondents were recruited from among those who completed the Financial Lives 2022 survey.

Our Financial Lives 2017 and 2020 surveys

We also make considerable use in this report of results from our previous two surveys.

The majority of the 12,685 interviews of our first survey were completed in 2017, although the survey started in late 2016. As we finished the survey in April 2017, we refer to it as our **Financial Lives 2017 survey** or as our April 2017 survey.

The majority of the 16,190 interviews of our second survey were completed in 2020, although the survey started in late 2019. As we finished the survey in February 2020, we refer to it as our **Financial Lives 2020 survey** or as our February 2020 survey. Since publishing the [2020 survey](#), we have made changes to some 2020 published results as we identified the need to improve data weighting. Very few of these have resulted in a change of more than one percentage point. The FLS 2022 [Technical Report](#) explains this weighting enhancement and its impact on the 2020 results.

The purpose of this report

A rich set of information

This report delves into **many important aspects of consumers' financial lives**, using findings from the Financial Lives 2022 survey as well as from the January 2023 recontact survey. It provides key insights into trends, by comparing 2022 results with those from our FLS 2017 and 2020 surveys.

It is not a policy report, but presents rich, factual evidence to provide a platform for policy discussion. The FCA and others will be able to use it and its associated publications (explained below) for further analysis and interpretation, to inform our work to protect consumers and make markets work better for them.

Appendix C (Methodological notes) provides more **information on survey design and data collection**. There is a lot of research and data in the public domain on consumers and their finances, and more recently on the impacts of the rising costs of living. We have not attempted to compare every result we have with any other source for the same or similar statistics, but we have been as transparent as possible about our research. That way readers can compare FLS results with other results, because they are well informed about our survey sampling and data collection, the questions we asked, of what population and with what sample size.

The rising cost of living

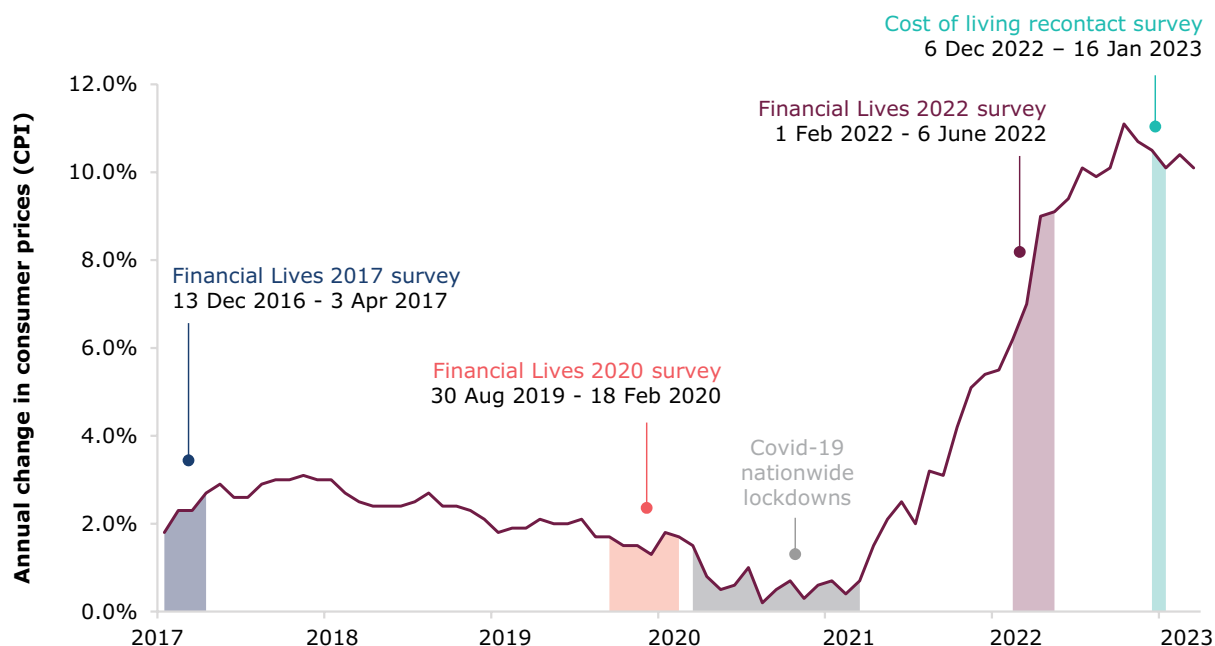
Understanding further the consequences of cost-of-living pressures on consumers (as well as on firms and markets) is one of our [Business Plan 2023/24](#) commitments.

Figure 1.1 shows the fieldwork periods for our Financial Lives surveys, alongside the Consumer Price Index 12-month inflation rates since we ran our first survey.

As we conducted the Financial Lives 2022 survey from early February to early June, it provides insights into the financial circumstances and behaviours of UK adults at a time when the rising cost of living was well established.

During the fieldwork period for the survey, the 12-month inflation rate, as measured by the Consumer Price Index, increased from 6.2% to 9.4%. Just over 60% of the interviews were completed in May 2022, when inflation was 9.1%.

Figure 1.1: Consumer prices, measured by the Consumer Price Index (CPI)



Source: [ONS CPI annual inflation rate](#)

Inflation had been increasing throughout 2021 and 2022, and it continued to rise in 2022, reaching 11.1% in October 2022. So, we commissioned our Financial Lives cost of living (January 2023) recontact survey to focus specifically on these impacts for UK adults after fieldwork for the May 2022 survey was complete. It gives an insight into UK adults' financial situation over the six months to January 2023.

How this report is structured

This report presents many findings, using charts and tables and descriptive statistics. Readers can dip in and out of the report and may find it useful to read the following:

- The key facts and figures summaries at the start of each chapter
- The list of figures, tables and spotlights at the front of this report, as well as the contents page
- The scope section of each chapter. The summary of these sections is:

Chapter 2 – Product holdings, assets and debts

This chapter covers how many UK adults hold retail financial products in the sectors we regulate. It also covers UK adults' assets, mortgage debt and credit debt. The chapter looks at changes in product holdings since 2017, something we can do using trend data from our past surveys. Appendix A (Product holdings) and the accompanying [spreadsheet](#) give more detail on product holdings.

Chapter 3 – Consumers with characteristics of vulnerability

This chapter explores how the proportions of UK adults with characteristics of vulnerability have changed over time to May 2022. It looks at results both at total level and for the FCA's four drivers of vulnerability: health, life events, resilience and capability. Appendix B (Characteristics of vulnerability – the survey algorithm) provides more information.

Chapter 4 – Financial resilience and the rising cost of living

This chapter first draws on findings from our Financial Lives surveys to identify adults with low financial resilience in May 2022 and to explore trends in financial resilience over time. We look in more detail at some of the underlying characteristics of low financial resilience, such as low savings, being in financial difficulty and being heavily burdened by domestic bills or credit commitments. We also look the impact that debt has on peoples' lives, and their use of debt advice services in May 2022. Second, we go on to explore how the rising cost of living has had a significant financial impact on the financial lives of many adults in the UK in the six months to January 2023, by sharing findings from our Financial Lives cost of living (January 2023) recontact survey.

Chapter 5 – Access and exclusion

This chapter explores several access-related issues, including who was unbanked in 2022 and why, and awareness of basic bank accounts. It reports on those who were refused products and why they think this happened, and on those who avoided applying as they thought they could not apply or would be turned down. We also look at changes in how people are accessing their day-to-day accounts, and at how branch closures have a particular impact for some adults. In looking at access to cash, we explore who are heavy users of cash and why. Finally, we discuss access to online financial services.

We explore internet use and digital exclusion, attitudes to buying financial products online, and the use of digital payment services and open banking enabled services.

Chapter 6 – Trust and satisfaction in the financial services industry – and awareness of and trust in the FCA

This chapter explores how consumers felt about the financial services sector in May 2022. It compares the trust consumers had in the industry overall and in different sector generally, with the trust they had in the providers they used themselves. We focus on those UK adults with particularly low levels of trust and confidence. These people are more at risk of not engaging with financial services firms and not addressing their own needs. The chapter also explores consumers' awareness of the FCA and its services. This includes covering people's trust in the FCA and what providers' use of the 'FCA badge' means to them.

Chapter 7 – Consumer engagement with their finances and their experiences with financial services firms

This chapter explores consumers' engagement with their finances, looking at self-reported scores for consumer confidence, knowledge about financial matters, and confidence working with numbers. We look to see where low financial capability is aligned with poorer experiences or outcomes for consumers. This chapter also looks at the experiences of consumers who have switched and shopped around, and the reasons they gave for not doing so. It explores the problems consumers have in dealing with their financial services providers, including IT service disruptions. Finally, it looks at how satisfied consumers are with their providers' communication and customer service, and at the impact of poor communication and customer service.

Chapter 8 – Security, fraud and scams

This chapter explores how security-conscious people are with their current accounts and with their bank and credit cards. It looks at what proportion of people have suffered potentially fraudulent activity, such as Authorised Push Payment fraud and advance fee fraud – and how they have dealt with this. The chapter also explores potential pension and investment scams, ones resulting from unsolicited approaches and ones where victims had initiated the contact with the scammer.

Appendices

- **Appendix A – Product holdings** provides detailed statistics on product holdings in May 2022, with comparisons to 2020 and 2017. These statistics cover the proportion and number of UK adults who own one or more of around 100 financial products, or combinations of products. May 2022 product holders are profiled by several demographic characteristics.
- **Appendix B – Characteristics of vulnerability – the survey algorithm** details the algorithm we use to compare 2022 with 2020 and 2017 results. It also sets out the enhanced algorithm – used only in Chapter 3 – that includes questions new to the 2022 survey.

- **Appendix C – Other methodological notes** briefly describes the design and data collection of the Financial Lives 2022 survey. It similarly covers the Financial Lives cost of living (January 2023) recontact survey and the qualitative research conducted in early 2023. Finally, the appendix clarifies some key reporting conventions and provides a short guide to reading the figures provided in this report.
- Abbreviations
- Glossary of important terms

Financial Lives 2022 survey coverage and access to the full results

Content of the Financial Lives 2022 survey

Our Financial Lives 2022 survey covers many topics, in just under 1,300 questions.

Figure 1.2 shows all the main sections of the survey and a summary of the topics covered, with topics new to the 2022 survey indicated as such.

The 'core questions' were, broadly speaking, asked of all 19,145 respondents, or of everyone among the 19,145 eligible to be asked. For example, everyone was asked whether they have high-cost credit; everyone with high-cost credit was asked the follow-up questions about those products.

Not all respondents or all eligible respondents were asked most other question sets. Instead, representative random samples of respondents were asked these questions. This was done to make the survey length manageable and because the large sample size means it is not necessary to ask everyone. A few other sections were also asked of everyone eligible because of a low incidence rate (such as the use of platforms for investments).

Figure 1.2: Financial Lives 2022 survey – summary of survey coverage

Core question sets	
Demographics (sections 1 & 18) Key information about the individual and their household: eg age; sex; gender; ethnicity; marital status; working status; property ownership; internet use; qualifications; income; health; life events New to 2022: Internet connectivity; socio-economic background; emotional resilience; religion; financial abuse; English as first language	Product Ownership (section 3) Product ownership statistics for around 100 financial products New to 2022: Deferred payment credit; Employer Salary Advance Schemes; shares in unlisted companies; mini bonds; CFDs
Attitudes (sections 2 & 16) General financial attitudes; attitudes towards FS products and providers; financial resilience and over-indebtedness; retirement attitudes; attitudes towards advice; financial numeracy New to 2022: Understanding product and service costs; attitudes towards cash; attitudes towards 'Big Tech'; attitudes towards funding care costs in later life	Assets and Debts (section 4) Amount of savings and investments; property value; amount left on mortgage; amount of debt on credit product; issues experienced as a result of having debt New to 2022: Savings time horizons; investment time horizons; attitudes towards dealing with debt
Product-related question sets	
Retail Banking (sections 3.1 & 6) Product holding; providers; account features; banking activities and channels; security and fraud; provider trust and satisfaction; switching and shopping around; problems and complaints; FSCS awareness New to 2022: Reasons for not using app/ online banking; use of Open Banking products; reasons for using an e-money account	Credit & Loans (sections 3.4, 8, 9 & 10) Products held; missed payments and financial resilience; debt advice; credit reference services; problems and complaints; detailed questions about credit cards, personal loans, motor finance and high-cost credit New to 2022: Use of credit brokers; feedback on lender support provided for those missing payments; feedback on debt advice
Cash Savings (sections 3.1 & 17.5) Savings products held incl. type of savings account; attitudes towards saving; reasons for not saving; satisfaction and trust in provider; switching and shopping around; problems and complaints	General Insurance & Protection (sections 3.5 & 11) Products held; claims made; problems and complaints; detailed questions about motor, home, travel, pet and life insurance (eg channels, provider feedback; switching and shopping around); views on PCWs New to 2022: Claims experience; reasons for paying for insurance monthly and awareness of costs; experiences with travel insurance for those with serious medical conditions.
Payments (sections 3.1a & 17.6) Use of mobile/digital wallets; money transfer services and loadable pre-paid cards; measures taken to protect themselves when making payments New to 2022: Cryptocurrency as a method of payment; payment preferences; attitudes towards payment methods available	Pension Accumulation (sections 3.6 & 12) Pension product holding and size of DC pension pot; DC-DB transfers; DC pension engagement; DC pension consolidation and switching; provider feedback; problems and complaints New to 2022: Awareness and views on pension charges; ESG investments; 'wake-up' packs; reasons for consolidating DC pots
Consumer Investments (sections 3.2 & 17.2) Investments held; investments made with and without advice; investments held on platform; main reasons for investing; problems and complaints New to 2022: Length of time investing; attitudes towards risk and return; sources of information; high-risk investments made and reasons for investing	Pension Decumulation (sections 3.6 & 14) Understanding decumulation decisions, incl. importance of pension, factors considered, understanding of choices, advice or guidance received; feedback on their provider; problems and complaints New to 2022: Awareness and views on pension charges; 'wake-up' packs; awareness of enhanced annuities
Mortgages (sections 3.3 & 7) Mortgage products held; missed payments; financial resilience; details about their mortgage; method of arranging mortgage; trust in provider; switching and shopping around; problems and complaints New to 2022: Home ownership aspirations for renters; feedback on lender support provided for those missing payments	Advice & Guidance (sections 2, 5 & 15) Attitudes towards advice; incidence of advice; information and guidance sources; detailed questions for those who have had advice in the last 12 months and those who have not had advice but may need it New to 2022: For non-advised adults who have all their money in cash - why? Do they understand the risks of being 100% in cash?

Figure 1.2: Financial Lives 2022 survey – summary of survey coverage (continued)

Cross-sector short question sets	
Fraud & Scams (sections 3.1 & 3.7) Banking security and fraud, incl. amount lost and whether recovered; money lost following unsolicited approaches related to pensions and investments New to 2022: Victims of pension or investments scams where the consumer initiated the contact	Access (sections 3.7 & 17.9) Proportion declined a product or offered one with unreasonable price/ terms and conditions; what result did this have; did their circumstances contribute to outcome New to 2022: Proportion who have avoided applying for a product, and why
Claims for Mis-selling (section 3.7) Claims made by type of claim, and whether made directly or using a CMC (Claims Management Company); awareness they can claim directly, not using a CMC New to 2022: Who initiated contact; attitudes towards CMCs; compensation received; time spent on claim	Buying Products Online (section 17.11) New to 2022: Incidence of buying FS products online by product sector; attitudes towards buying online; reasons for not buying online
Communication Problems (section 17.10) New to 2022: Communication problems experienced by product area; type of problem and channel; impact of the problem	IT Failures or Service Disruptions (section 3.7) New to 2022: Adults who have experienced IT failures or service disruptions, and whether they were mildly or severely affected, or not affected at all
Topic-based short question sets	
Non-advised Platforms (section 17.1) Proportion of adults on platform (advised & non-advised); reasons for platform choices; switching and shopping around New to 2022: Number of platforms used; awareness of charges; use of best buy lists	Responsible Investments (section 17.3) Attitudes towards ESG issues; awareness and experience with ESG investments; interest in investing in this way in the future New to 2022: Willingness to pay more for ESG; feedback on information provided to assess ESG credentials
Unbanked (section 17.4) Proportion of adults who are unbanked; proportion who would like a bank account; awareness of basic bank accounts New to 2022: Reasons for not having a bank account	Awareness of the FCA (section 17.12) Awareness of the FCA and the FCA's Financial Services Register New to 2022: Awareness of FCA's ScamSmart, consumer helpline, and rules on fair treatment of consumers; awareness of FOS; trust in the FCA
Pre-paid Funeral Plans (sections 3.5 & 17.7) New to 2022: Age when taken out; those who paid in full vs. in instalments; sales routes and reasons for purchase; product understanding	Deferred Payment Credit (DPC) (sections 3.3 & 17.8) New to 2022: Use of DPC in last 12 months by provider; amount currently outstanding; reasons for using; views on how easy it is to keep track of repayments

Associated publications – and access to the full Financial Lives 2022 results

This report covers around a quarter of the Financial Lives 2022 survey questions.

We are providing **access to the full results** by publishing alongside this report:

- **Weighted data tables**, together with a **data tables user guide**
- **Six slide-based reports with results by sector** – these draw largely on the product-related question sets shown in Figure 1.2, the results for which in previous surveys have largely been made available only through the weighted data tables. The six decks are:
 - Consumer investments and advice
 - Credit and loans
 - General insurance and protection
 - Mortgages
 - Pensions (accumulation and decumulation)
 - Retail banking, savings and payments

All these results, and those for the 2017 and 2020 survey data tables, are available on our Financial Lives survey **web page**.

The 2017 and 2020 survey raw data, weights and instructions on how to apply the weights are available through the **Consumer Data Research Centre** at UCL. We will make the 2022 survey data available through CDRC by the end of August 2023.

Alongside this report we are also publishing the 2022 **survey questionnaire** and our 2022 **questionnaire crib sheets**, which provide a more detailed summary of the survey content than Figure 1.2. We are also publishing the 2022 survey **Technical Report**.

Associated publications – and access to the Financial Lives cost of living (January 2023) recontact survey results

This report – in Chapter 4 – provides substantial findings from our January 2023 recontact survey.

We are also publishing alongside this report:

- **Weighted data tables**
- The **survey questionnaire**
- A short **methodological write-up**, included in the 2022 survey **Technical Report**

Chapter 2

Product holdings, assets and debts

Key facts and figures at May 2022: Results are largely stable since February 2020, but movements include an increase in UK adults using digital banks and more people putting money into a pension.

96% of adults had a **current account** with a bank, building society or credit union in May 2022. High street banks still dominated the market, but there has been a large increase in those holding active accounts with digital banks – from 3% in 2020 to 11% in 2022.

Credit use was high. Most (83%) adults held at least one credit or loan product. A fifth (20% or 10.5m) had been overdrawn at some point in the previous 12 months, while 10% (5.2m) held a high-cost loan in May 2022 or in the previous 12 months. **Unsecured debt levels** were high but on a downward trend. Excluding student loans, UK adults owed on average £2,740 in 2022 – down from £3,320 in 2017.

28% of all adults had a **residential mortgage**. Most (82%) of these borrowers said they had a repayment mortgage; 12% said they had an interest-only or part repayment, part interest-only mortgage, and 6% did not know what type they had. Three-quarters (77%) told us they were on a fixed rate, while one in six (17%) were on a variable rate. Mortgage holders (those with a residential or lifetime mortgage) had on average £147,000 outstanding (10% higher than in 2020, and 17% higher than in 2017) – we comment on the calculation of this estimate later in this chapter. A fifth (20%) of mortgage holders had outstanding mortgage debt four or more times greater than their household income, unchanged from 2020.

In May 2022 almost 6% of adults held cryptoassets, up 4 percentage points (pp) since 2020. The largest single increase in any type of investment, it partly explains why there was a 5pp increase in those holding **investment products** (excluding property and other real investments) to 37% (19.5m). 70% (37.1m) had a **savings account**, down 6pp since 2020.

57% (29.9m) had a **pension in accumulation**, 6pp higher than in 2017. However, there has been little change in pension ownership in the last two years. Groups least likely to have a pension in accumulation included 18-21 year olds (12% had one), those who were unemployed (24%) and the self-employed (53%). One-third (35%) of adults with a defined contribution (DC) pension in accumulation had less than £10,000 in DC pension savings.

Partial encashment was the most common method of **accessing a DC pension** over the four years to May 2022.

Five in six (84%) adults held at least one **insurance** product in 2022 – down from 86% in 2020. The most-commonly held insurance policies were motor (64%), home contents (61%), buildings (54%) and motor breakdown cover (49%). **Protection** product rates were much lower. Only 29% had life insurance.

8% (4.4m) had received **regulated financial advice** in the 12 months to May 2022 about investments, saving into a pension or retirement planning – up 2pp since 2017.

Scope

This chapter covers the proportion and number of UK adults holding financial products in their own name or in joint names. This includes day-to-day accounts (principally current accounts), credit products, residential mortgages, savings and investments, private pensions, general insurance and protection products, and financial advice. It also covers UK adults' assets, mortgage debt and credit debt.

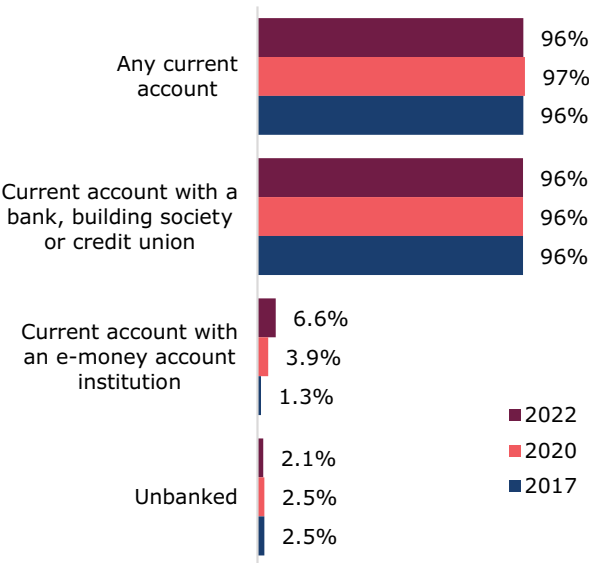
See Appendix A (Product holdings) and the accompanying [spreadsheet](#) for statistics on over 100 financial products or groups of products, including the proportions of UK adults holding these in April 2017, February 2020 and May 2022, with more detailed breakdowns included for 2022.

As Appendix A explains, the proportion of UK adults reported as having each product is likely to be a small underestimate. This is because a minority of respondents did not know whether they had the product or not, and we have usually assumed that none of these 'don't knows' had that product.

Current accounts

Figure 2.1 shows that 96% of adults had a current account in May 2022, largely unchanged since 2017. A small proportion (2.1% or 1.1m) did not – we refer to these people as being unbanked. Chapter 5 (Access and exclusion) gives more details about them, and Appendix A (Product holdings) explains how we define the ‘unbanked’.

Figure 2.1: Current accounts held (2017/2020/2022)



In 2022, 50.8 million people had a current account with a bank, building society or credit union.

3.5 million had a current account with an e-money account institution. Almost all these e-money current account users also had a current account with a bank, building society or credit union.

There has been a five-fold increase in the use of current accounts from e-money institutions since 2017. In 2022, use was particularly high among men aged 25-44 (14%), minority ethnic adults (11%), and those with a personal income of £50,000 or more (11%).

Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

When asked what appealed to them most when taking out their e-money account, over half (53%) said it was the fact that it enables them to spend money overseas easily and cheaply. Other attractive features included good functionality (50%), being able to open the account remotely (49%), and the fact that it was easy to get one, unlike a traditional bank account (40%).

Very few e-money current account users (7% or 0.2m) used their e-money account as their main day-to-day account, ie the account that they use for day-to-day payments and transactions.

Types of current account

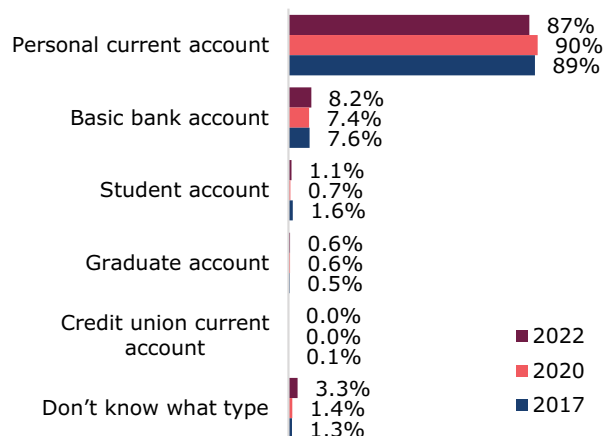
Of adults who use a current account from a bank, building society or credit union as their main day-to-day account, most (87%) had a personal current account, as Figure 2.2 shows.

4.1 million people used a basic bank account as their main day-to-day account in 2022 – up from 3.3 million in 2020.

Compared with the 8.2% result in Figure 2.2, adults more likely to use a basic bank account as their main day-to-day account included those who:

- were unemployed (26%)
- were over-indebted (22%)
- had a household income of less than £15,000 (19%)
- were Black ([19%])¹
- were in poor health (18%)
- rented their home (17%)
- were aged 18-24 (13%)

Figure 2.2: Type of current account used as main day-to-day account (2017/2020/2022)



Source: FLS **Base:** All UK adults whose day-to-day account is a current account with a bank, building society or credit union (2017: 2,469/2020: 4,162/2022: 7,119) **Question:** RB3. Which type of account is your main day-to-day current account?

Current account providers

High street banks still dominated the market in 2022. Nine in ten (89%) current account holders (ie those with at least one active current account with a bank, building society or credit union) had an account with a high street bank. This was largely unchanged from 2017. Eight in ten (81%) held their *main* account with a high street bank in 2022 – down from 84% in 2017.

There has been a large increase in those holding accounts with digital banks since 2017. 11% had an active current account with a digital bank in 2022, compared with 3% in 2020 and under 0.5% in 2017. Younger adults were more likely to hold an active current account with a digital bank in 2022 (24% aged 18-34, vs. 10% aged 35-54 and 3% aged 55+).

¹ Percentage results based on 50 to 99 unweighted observations are caveated through the use of square brackets. See reporting conventions in Appendix C.

Current account features and use

In 2022, one in six (19% or 9.3m) current account holders paid a monthly or annual fee for their account, significantly lower than in 2020 (23% or 11.5m).² Half (50%) of these adults thought the fee offers good value for money (57% in 2020), while 13% felt it offers poor value for money (9% in 2020).

Of those adults paying a fee for their current account:

- just under half (46%) said their account includes at least one insurance policy, such as travel, mobile phone, or motor breakdown insurance (54% in 2020)
- three in five (60%) said their account provides other packaged account features, such as cashback on spending, commission-free foreign currency, airport lounge access, a concierge service, discounts with certain shops or businesses, or free or discounted entertainment tickets (66% in 2020)
- two in five (41%) said they had *actually used* any of these (non-insurance) packaged account features in the last 12 months (48% in 2020)

Looking across all types of current account:

- 38% said their account offers an overdraft facility, and 27% of them had used it in the last 12 months (42% and 40% in 2020, respectively)
- 30% said their account offers a cheque book, and 50% of them had used it in the last 12 months (38% and 65% in 2020, respectively)
- 11% said their account pays interest on the balance (17% in 2020)

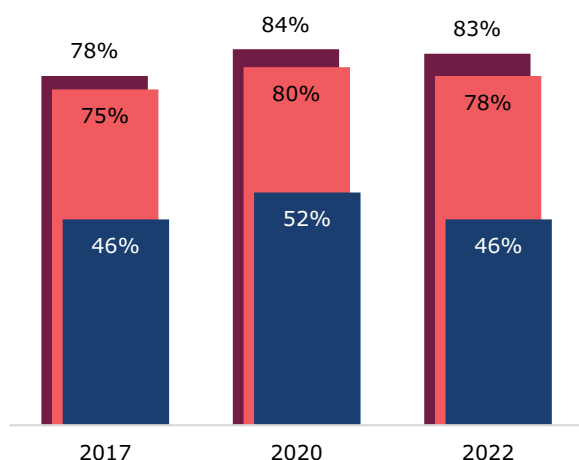
2 Asked to all adults who use as their main day-to-day account a current account with a bank, building society or credit union or a current account from an e-money institution. In the 2020 survey, asked to those who use as their main day-to-day account a current account with a bank, building society or credit union.

Credit and debt

Overall credit product holding

Figure 2.3 shows 83% of adults (44.0m) held at least one credit or loan product in May 2022 or had done so at some point in the previous 12 months. This is slightly lower than in 2020 (84%), but higher than in 2017 (78%).

Figure 2.3: Credit and loans held (2017/2020/2022)



■ **Any credit or loan**

■ **Consumer credit regulated agreements:** as above, but excluding adults only holding non-FCA regulated credit (ie student loans, deferred payment credit and loans from friends or family) and/or employer salary advance schemes, or loans from informal/ unlicensed (ie illegal) moneylenders

■ As above, but excluding adults who only hold credit cards, store cards and/or catalogue credit, but who pay the full statement balance every or most months

Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum_NETs.

These figures include:

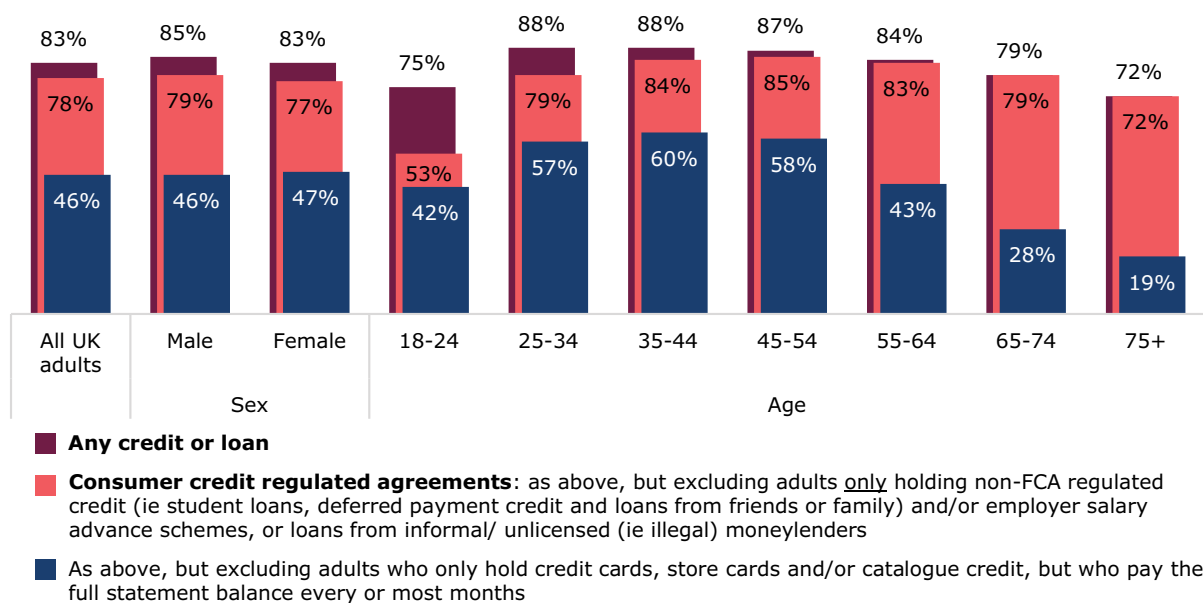
- consumer credit regulated agreements, such as motor finance and personal loans
- non-regulated loans, ie deferred payment credit (captured in our 2022 survey for the first time) as well as student loans and loans from friends or family
- employer salary advance schemes
- loans from unlicensed moneylenders or other informal lenders (ie illegal moneylenders)

Only counting those who use consumer credit regulated agreements, 78% of adults (41.2m) had one or more credit or loan product in the same period.

This Figure then falls to 46% (24.5m), if we take out the 32% of adults whose only consumer credit regulated agreements were credit cards, store cards and/or catalogue credit, or a mix of these, which they were paying off in full every month or most months.

The 2022 results by age in Figure 2.4 show that use of consumer credit regulated agreements (excluding those who held credit cards, store cards or catalogue credit, and did not use these products as a form of borrowing) peaked for adults in their mid-20s to mid-50s. It starts to diminish notably for adults aged 55+.

Figure 2.4: Credit and loans held, by sex and age (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** POSum_NETs.

Men were slightly more likely than women to hold any credit or loan product (85% vs. 83%) or any consumer credit regulated agreement (79% vs. 77%). However, there is no difference by sex once we take out those who only held credit cards, store cards or catalogue credit which they pay off in full every month or most months (46% vs. 47%).

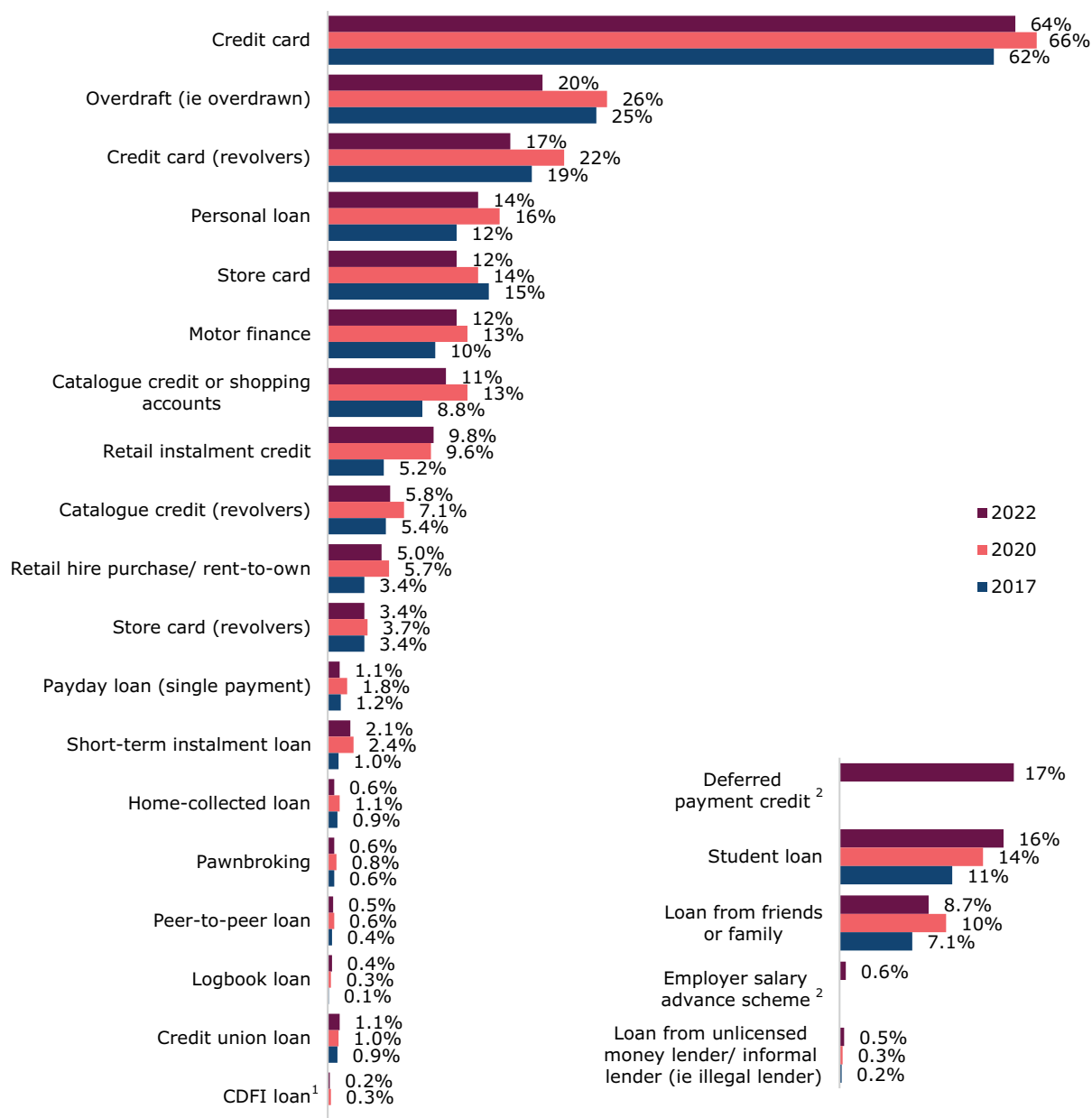
The employed and self-employed were far more likely to hold a credit or loan product (88%) compared with people who were not in work, such as the unemployed (66%) and the retired (78%). For those in work, 84% held a consumer credit regulated agreement. This falls to 56%, once we take out those who only held credit cards, store cards or catalogue credit which they pay off in full every month or most months. This compares with 55% and 36% for the unemployed and 77% and 23% for retirees, respectively.

Credit products held

Figure 2.5 shows that overdrafts, credit cards and personal loans remained the most widely used credit products among all UK adults in May 2022:

- 64% (33.8m) held a credit card then or had done so in the last 12 months. 17% (9.1m) revolved a balance on a credit card – down from 22% (11.5m) in 2020
- 20% (10.5m) had been overdrawn at some point in the last 12 months – down from 26% (13.8m) in 2020
- 14% (7.2m) held a personal loan then or had done so in the last 12 months – down from 16% (8.2m) in 2020

Figure 2.5: Credit or loan products held (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

Notes:¹ CDFI loan added to the 2020 survey. ² Deferred payment credit and employer salary advance schemes added to the 2022 survey.

For non-FCA regulated loans, 17% of adults (8.8m) had used deferred payment credit in the previous 12 months. Almost as many (16% or 8.3m) had a student loan – this rises to 40% of 18-34 year olds. Just under one in ten adults (8.7% or 4.6m) had a loan from friends or family, with significant differences by age: 15% of 18-34 year olds, 11% of 35-54 year olds, but only 2% of those aged 55+.

Very few adults (0.5% or 0.2m) said they had borrowed from an unlicensed moneylender or another informal lender (ie an illegal moneylender) in the previous 12 months. Claimed use is, however, likely to understate the real level of use.

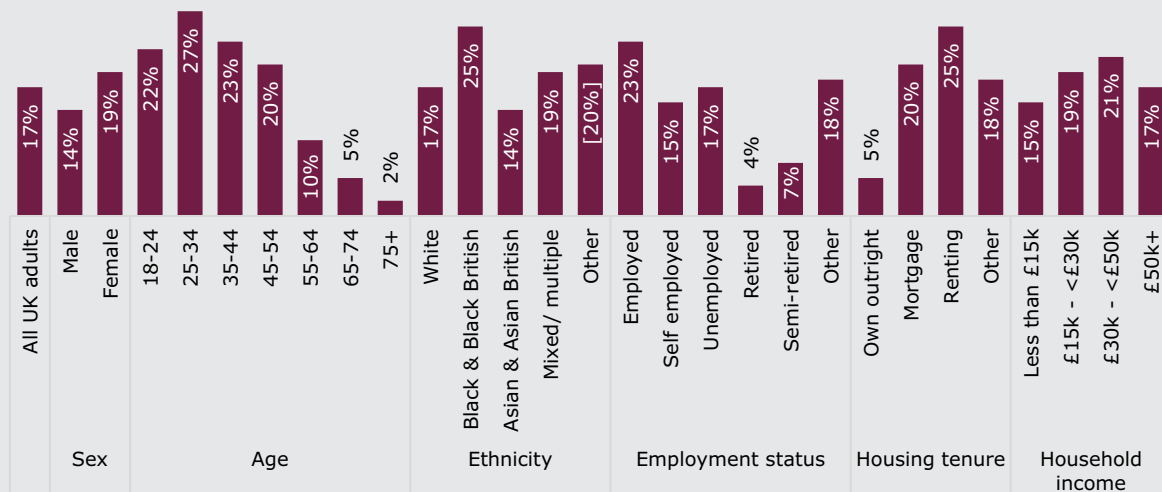
Spotlight 2.1:

Deferred payment credit – used by nearly 9 million adults in the 12 months to May 2022

Deferred payment credit (DPC) is not currently regulated by the FCA. It is generally referred to as *Buy Now, Pay Later*.

Overall, one in six adults (17% or 8.8m) used DPC in the 12 months to May 2022. Some demographic groups used DPC more during this period: specifically, 27% of 25-34 year olds, 25% of Black adults, 25% of renters, and 19% of women.

Figure 2.6: Deferred payment credit (DPC) use, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** POSum1. **CAVEAT**

The average user, based on respondent recall, had used DPC six times in the 12 months to May 2022. But many had used DPC a lot more: 14% of users had used DPC 10 times or more in this period, and 5% had used it 25 times or more.

Of frequent users – those who had used DPC at least 10 times in the previous 12 months – 75% were women, and 56% were aged 18-34. Over two-fifths (44%) of these most frequent users were over-indebted, compared with just under one-fifth (19%) of those who had used it only once.

In May 2022, the average user had £160 outstanding across all their DPC purchases – with not much difference in the amount owed by frequency of use. Fewer than one in ten users (8%) had £500 or more left to pay.

We also asked about reasons for use. Almost half (46%) of DPC users said they used it because it is interest-free. Two in five (40%) said it enables them to buy goods they could not afford to pay for in one go.

Some providers charge fees for late payments. We asked users of these providers whether they were aware that a fee could be payable, if they did not pay on time. Four in five (81%) said that they were aware. Overall, one in nine (11%) DPC users said they had paid a fee for late payment in the past. A majority (88%) said that it is very easy or fairly easy to keep track of their payments.

Credit or loan products held by sex and age

There are some differences by sex in the types of credit used. For example, women were more likely to use retail finance (such as catalogue credit and store cards) and deferred payment credit. Men were more likely to use motor finance or personal loans. Men were also more likely to hold a credit card than women, but less likely to revolve a balance (ie not pay it off in full in every or most months). These differences are largely unchanged since 2020.

There were also some differences in the types of credit used by age, particularly for younger and older adults. These are shown in Table 2.1.

Table 2.1: Notable differences in credit or loan products held, by sex (2022)

Product	Male	Female
Catalogue credit	6%	17%
Store card	8%	16%
Deferred payment credit	14%	19%
Overdrawn	19%	21%
Personal loan	15%	12%
Motor finance	14%	11%
Credit card	68%	61%

Source: FLS **Base:** All UK adults (2022: 19,145)

Question: POSum1. **CAVEAT**

18-24 year olds were far less likely to borrow on a credit card (9%), a personal loan (6%) or motor finance (7%) compared with older adults, but were more likely to have a student loan (39%) or a loan from friends or family (15%).

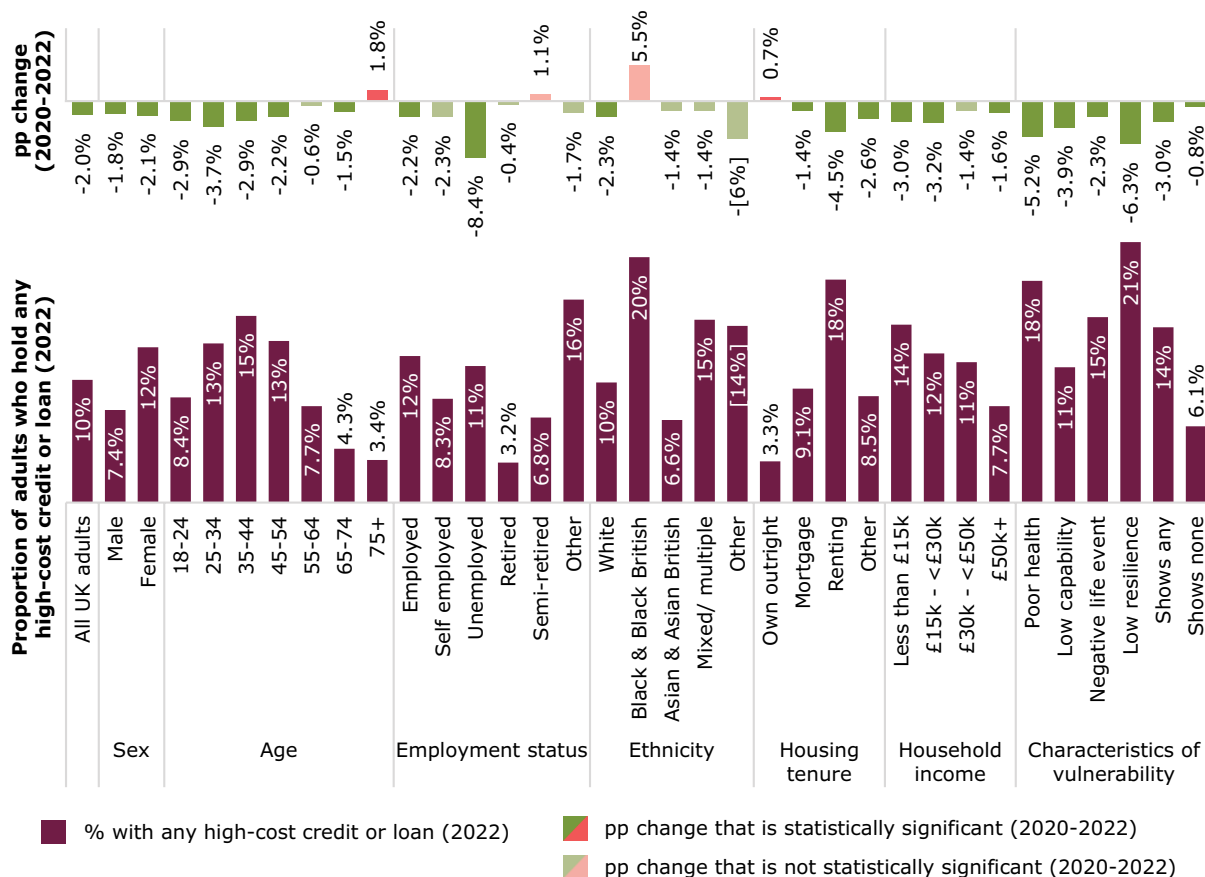
In contrast, those aged 55+ were far less likely than younger adults to be overdrawn (9% were overdrawn in May 2022 or had been overdrawn in the previous 12 months, compared with 26% of those aged 18-54). They were also more likely to have a credit card (71%, compared with 60% for adults aged 18-54), but much less likely to revolve a balance on it (10% vs. 21%, respectively).

Similarly, those aged 55+ were much less likely than younger adults to use a personal loan (8% vs. 17% for adults aged 18-54), motor finance (9% vs. 14%, respectively), retail finance (25% vs. 30%, respectively) or high-cost credit (5% vs. 13%, respectively).

High-cost credit

Figure 2.7 shows that one in ten (10%) adults, or 5.2 million people, had a high-cost loan in May 2022 or had had one in the last 12 months. This is down two percentage points from 2020 (12% or 6.2m).

Figure 2.7: High-cost credit or loans held and percentage point change since 2020, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** POSum_NETs.

Our definition of high-cost credit includes people who do the following or have done so in the last 12 months: revolve a balance on a catalogue credit or shopping account (6% of all adults did this), have bought products with rent-to-own finance (2%), or have one of the following loan products: pawnbroking loan (1%), home-collected loan (1%), payday loan (single payment) (1%), short-term instalment loan (2%) or logbook loan (<0.5% of all adults).

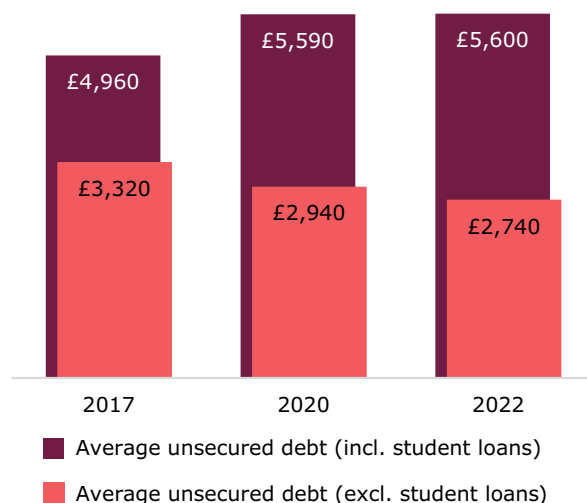
Figure 2.7 also shows that more women used high-cost credit than men (12% vs. 7%, respectively). This is because women – in particular women aged 25-54 – were almost three times as likely to hold a catalogue credit or shopping account as men (17% vs. 6%, respectively) and three times as likely to revolve a balance on their account (9% vs. 3%, respectively). Women were no more or less likely than men to use other high-cost credit products.

Use of payday loans, short-term instalment loans, rent-to-own finance, pawnbroking loans and home-collected credit was highest among those aged 25-44. Use was significantly lower among those aged 55+. More adults with lower household incomes also used these products. For example, 39% of UK adults had a household income below £30,000, but over half (53%) of those with a payday loan had this level of income.

Debt levels

Figure 2.8 shows that unsecured debt levels increased between 2017 and 2022 largely due to an increase in student loan debt. On average, adults owed £5,600 in May 2022. This figure includes the 58% of those who had no outstanding unsecured debt. Excluding student loans, however, adults on average owed £2,740 in 2022 – down from £3,320 in 2017.

Figure 2.8: Average (mean) unsecured debt (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** B7/8/9a-d_3/6 (Rebased). **Note:** Results include adults who have no unsecured debts.

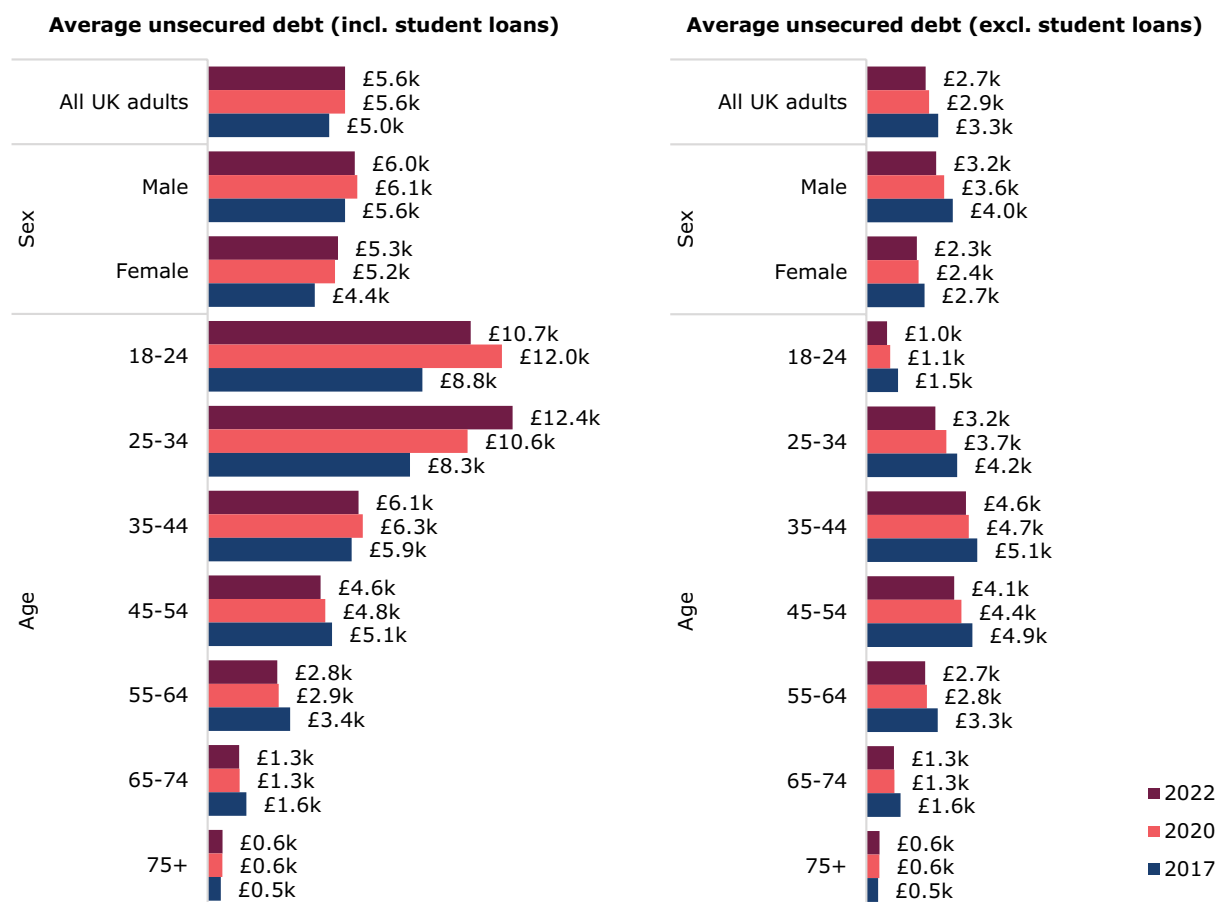
Unsecured debt does not include mortgage debt or credit card and store card balances for those who repay their balance every month or most months. It also excludes DPC, catalogue credit, employer salary advance schemes, loans from friends or family, and loans from unlicensed moneylenders or other informal lenders (ie illegal moneylenders).

It includes credit and store card debt for card holders who revolve a balance, as well as including all other personal loans, motor finance, overdrafts (amount currently overdrawn), any other credit, and student loans.

One possible reason for the reduction seen in average unsecured debt levels between 2017 and 2022 could be the growth in DPC (see Spotlight 2.1). DPC is not included in our average unsecured debt figures. One in six adults (17% or 8.8m) used DPC in the 12 months to May 2022 and, in May 2022, the average user had £160 outstanding across all their DPC purchases.

Looking at the 2022 results by sex and age in Figure 2.9, we see that on average men owed more than women. We also see that average debt levels (excluding student loans) peaked for adults in their mid-30s to mid-50s.

Figure 2.9: Average unsecured debt, by sex and age (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** B7/8/9a-d_3/6 (Rebased).

Note: Results include adults who have no unsecured debts

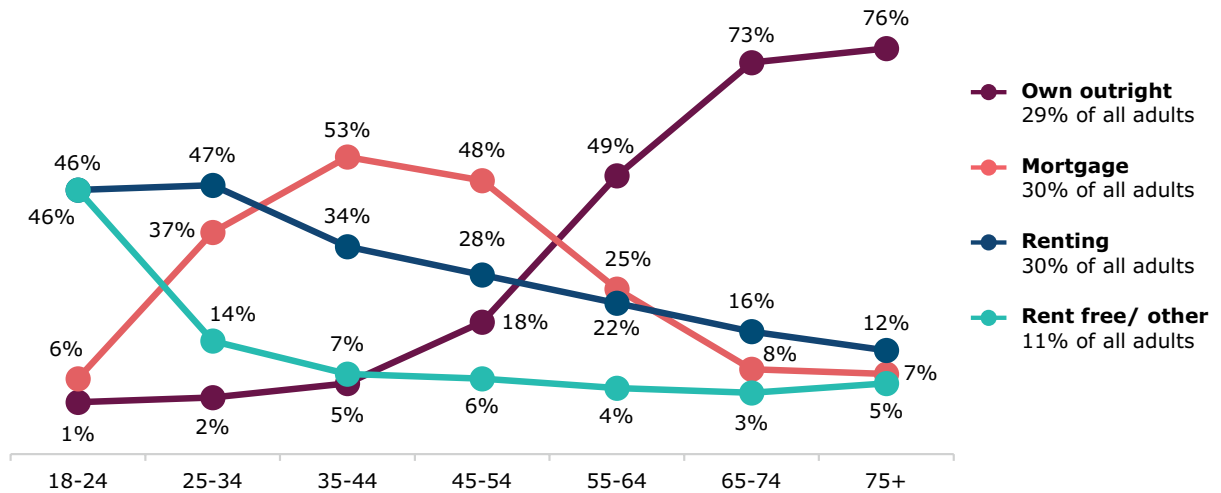
Home ownership and mortgage debt

Housing tenure

In 2022, around 30% of adults (15.8m) owned the property they currently lived in with a residential mortgage, a lifetime mortgage, or through shared ownership. A similar proportion (29% or 15.2m) owned it outright, 30% (15.8m) were renting, and 11% (6.0m) lived rent-free or occupied their property in some other way. These results are not statistically different from the 2020 results (mortgage: 30%, own outright: 28%, rent: 29%, rent free/other: 12%).

Owner-occupation increased with age, as seen in Figure 2.10. For example, just 7% of 18-24 year olds owned their home outright or were buying it with a mortgage in 2022, compared with 83% of those aged 75+.

Figure 2.10: Household tenure, by age (2022)



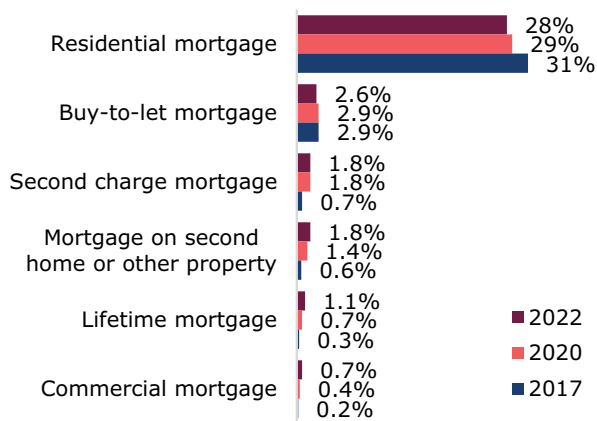
Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (2%) **Question:** D13DV (Rebased).

Note: Mortgage includes those who own their property with a mortgage (28% of all UK adults), with a lifetime mortgage (1%) or pay part rent part mortgage (shared ownership) (1%)

Mortgage products held

Figure 2.11 shows the proportion of adults who in 2022 held mortgage products in their own name or joint names, including the 28% of all adults who had a residential mortgage.

Figure 2.11: Mortgage products held (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

2.6% of all adults had a buy-to-let mortgage in their own name or joint names – 15% were aged 18-34, 53% were aged 35-54, and 32% are aged 55+.

1.8% of all adults had a second charge mortgage. This equates to 6.6% of all residential mortgage holders. Over two-thirds (69%) of second charge mortgage holders were aged 35-54.

1.8% of all adults had a mortgage on a second home or any other property: 48% were aged 35-54.

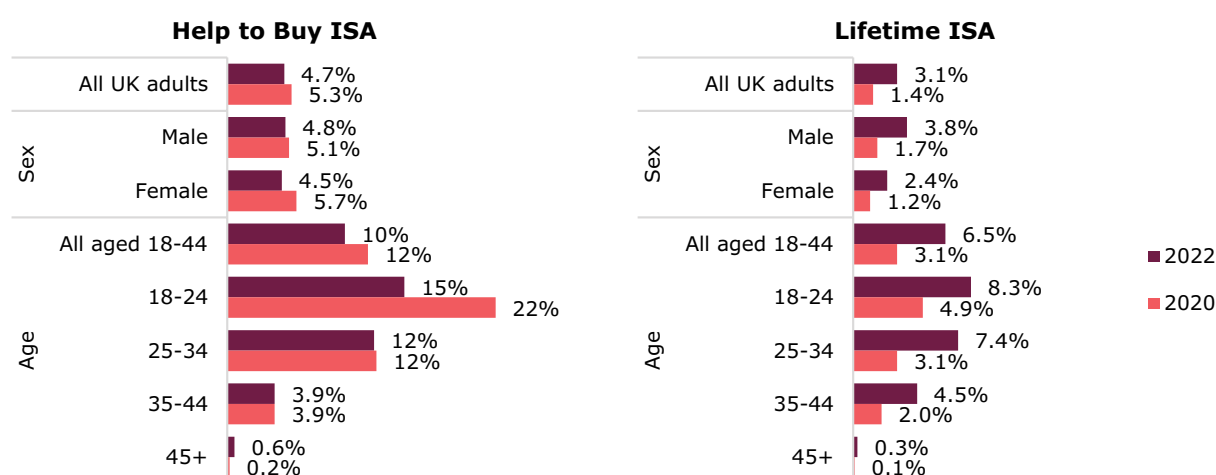
Just 1.1% of all adults had a lifetime mortgage in their own name or joint names. This is a small number compared with those aged 55+ who owned their property outright (12.9m).

Most (85%) second charge mortgage holders borrowed on unsecured credit as well. 22% had used high-cost credit in the last 12 months; 40% were overdrawn or had been in the last 12 months, and 25% were over-indebted (vs. 10%, 20% and 18% of all adults, respectively).

Help to Buy ISA and Lifetime ISA product holding

We looked at products designed to help adults save up to buy a home. In May 2022, 4.7% of adults (2.5m) had a Help to Buy ISA, while 3.1% (1.6m) had a Lifetime ISA (LISA). These results are shown in Figure 2.12.

Figure 2.12: Help to Buy ISAs and Lifetime ISAs held, by sex and age (2020/2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

Help to Buy ISAs were launched in 2015 and closed to new applications in November 2019. However, those who opened one before then can continue to save into it until 2029. 79% of product holders were aged 18-34, 14% were aged 35-44, and 7% were aged 45+.

The LISA was launched in 2017 and lets people save up to £4,000 per year until they are 50. New applicants must be aged 18 to 39 and can use a LISA to save for a first home or for later life. 6.5% of adults aged 18-44 had a LISA in May 2022 – up from 3.1% in February 2020.

Of all adults with a LISA, 50% said they were using it to buy their first home, 32% to save for later life, 13% for both objectives, and 4% did not know. In 2020, these figures were 60%, 33%, 5% and 2%, respectively. 60% of LISA product holders said their LISA was in cash savings, 31% said it was invested, and 8% did not know.

Mortgage debt

Respondents were asked to say what amount they had had left to pay on their mortgage. They chose an answer from a list of monetary ranges – and were asked to give their best estimate of the correct answer if they were unsure. We calculated the average mortgage debt outstanding from this distribution of answers and the midpoint of each range. As we explain in Appendix C (Methodological notes), this approach to the calculation has some limitations.

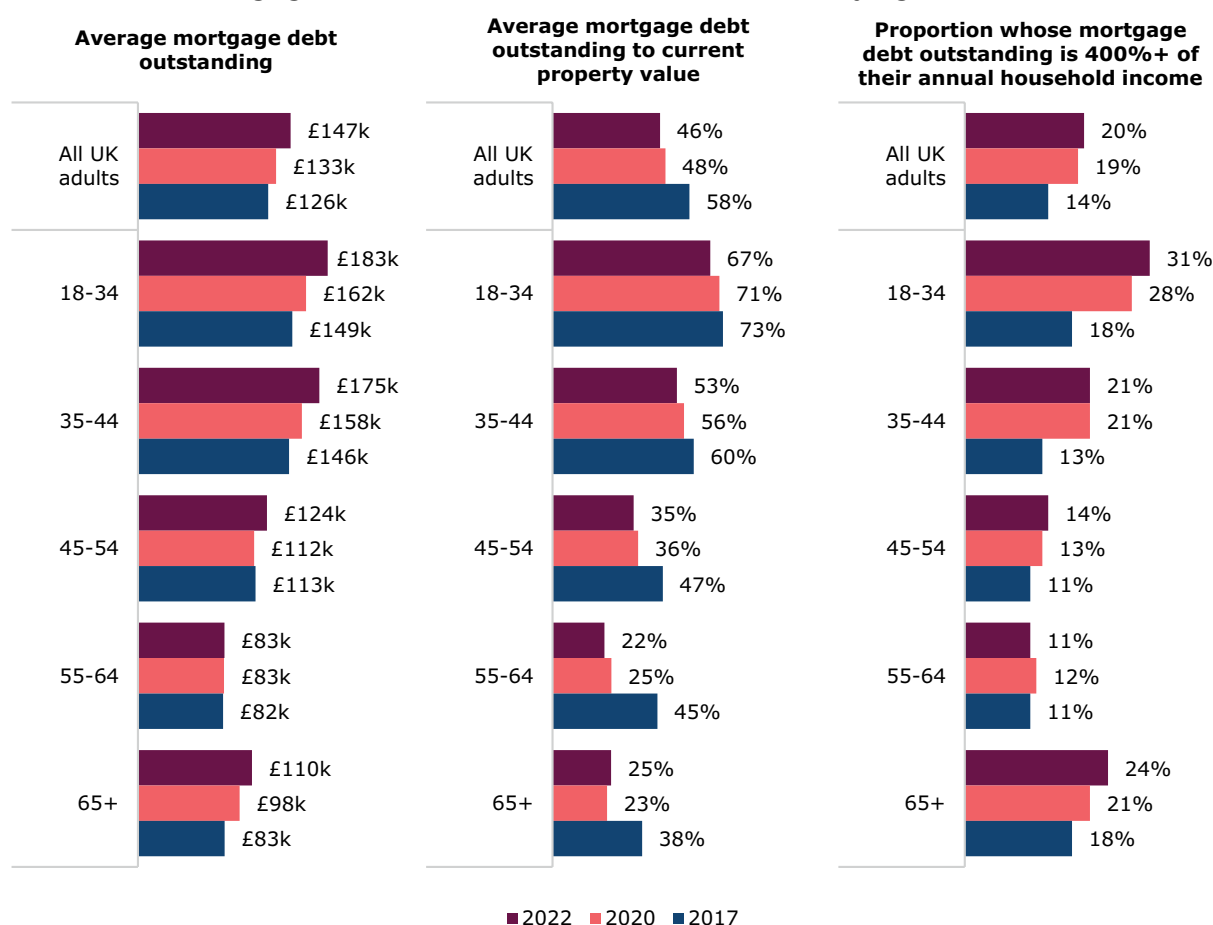
From left to right, Figure 2.13 shows the average mortgage debt outstanding; mortgage debt as a proportion of current property value; and where it is at least four times annual household income – by age, for adults with a residential or lifetime mortgage.

The average holder of a residential or lifetime mortgage had £147,000 outstanding in 2022. This is 10% higher than the 2020 figure of £133,000 and 17% higher than the 2017 figure of £126,000. This increase is, however, less than the average house price growth over this period (29% between April 2017 and May 2022 according to the Land Registry UK House Price Index).

We have seen the largest increase in outstanding mortgage debt over the past five years among adults aged 18-34: from £149,000 in 2017 to £183,000 in 2022 (an increase of 23%). This probably reflects house price growth in this period and the fact that three-quarters (73%) of mortgage holders in this age group bought their property in the last five years.

Looking at the distribution of mortgage debt in 2022, around two-fifths (43%) of mortgage holders owed less than £100,000, 35% owed between £100,000 and £200,000, 14% owed between £200,000 and £300,000, and 9% owed £300,000 or more. One in ten (10%) mortgage holders aged 18-34 owed £300,000 or more.

Figure 2.13: Average mortgage debt outstanding, mortgage debt to property values, and mortgage debt to annual household incomes, by age (2017/2020/2022)



Source: FLS **Base:** All UK adults with a residential or lifetime mortgage on the property they currently live in (2017: 4,182/2020: 5,513/2022: 6,034) **Question:** B5a (Rebased)/B5a/B4sum1. **CAVEAT** B5a/D38 (Rebased). **Note:** Average mortgage debt data excludes those who 'don't know' (2%/3%/3%) and 'prefer not to say' (6%/6%/8%) the amount of outstanding mortgage debt they have. Average mortgage debt outstanding to current property values data also excludes those who don't know or prefer not to say their current property value. Data for the proportion whose mortgage debt outstanding is 400%+ their annual household income data also excludes those who don't know or prefer not to say their annual household income.

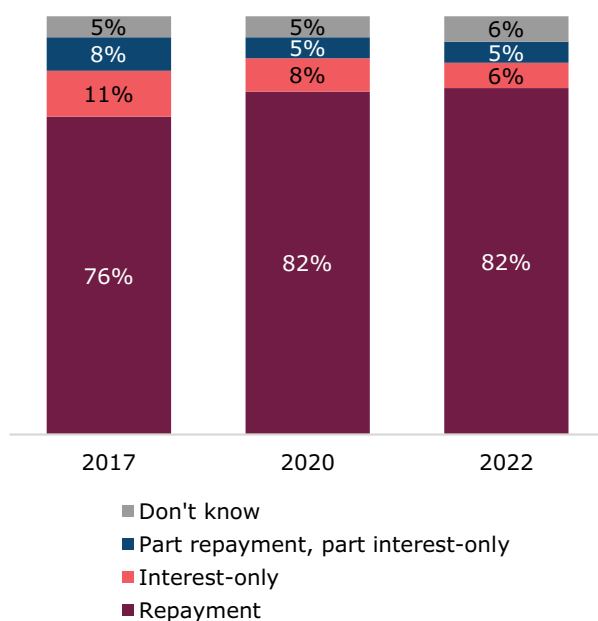
The middle chart shows average mortgage debt outstanding as a proportion of property value, based on respondents' estimates of how much their property was currently worth. Here we see an average outstanding mortgage debt to property value ratio of 46% in 2022 – down from 48% in 2020 and 58% in 2017.

The right-hand chart shows that a fifth (20%) of mortgage holders had outstanding mortgage debt which was at least four times their household income – unchanged from 2020 (19%). Among 18-34 year olds, 31% had outstanding mortgage debt which was four times their household income or more – not statistically different from 2020 (28%).

Residential mortgage type

Figure 2.14 shows that 82% of residential mortgage borrowers said they had a repayment mortgage in 2022 (unchanged from 2020); 12% said they had an interest-only or part repayment, part interest-only mortgage, and 6% did not know what type they have.

Figure 2.14: Mortgage repayment type (2017/2020/2022)



Source: FLS **Base:** All UK adults with a residential mortgage (2017: 1,255/ 2020: 2,662/ 2022: 3,350) **Question:** M22a. Is your mortgage repayment or interest-only?

Looking at the 2022 results in more detail, older borrowers were much more likely than younger borrowers to have an interest-only residential mortgage or a part of their mortgage that was interest-only (25% and 39%, respectively, of mortgage holders aged 55-64 and 65+).

One in five (19%) adults with an interest-only or part repayment, part interest-only mortgage said they were already paying off some of the capital. Plans to repay the capital typically relied on using other savings and investments, downsizing or selling the mortgaged property, or an inheritance. Very few (4%) had never thought about it, while 13% did not know how they would repay it. Both results are an improvement on the 2020 results of 6% and 18%, respectively.

Residential mortgage interest rate type

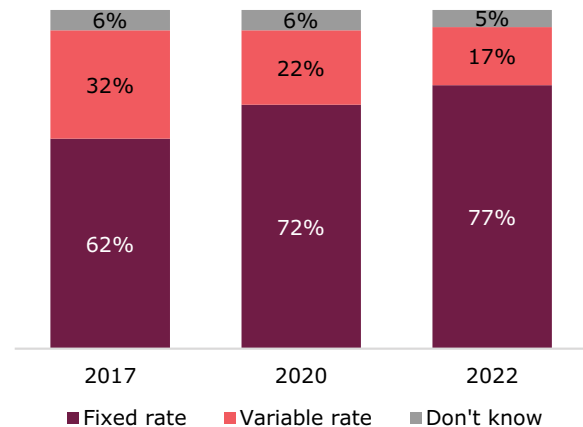
Figure 2.15 shows that over three-quarters (77%) of residential mortgage holders told us they had a fixed rate mortgage in 2022, while one in six (17%) said they were on a variable rate. It also shows a large increase in choosing fixed rates since 2017, as reflected in our Mortgage Lending and Administration Return data.

Older borrowers were far more likely to be on a variable rate than younger borrowers, eg 37% of mortgage holders aged 55+, compared with just 4% of those aged 18-34.

Of all those on a variable rate, over half (53%) were on their lender's standard variable rate (SVR) – this translates to 9% of all residential mortgage holders.

Nearly four in ten (38%) of those on a variable rate had a tracker mortgage, while 3% had a discount variable rate mortgage.

Figure 2.15: Mortgage interest rate type (2017/2020/2022)



Source: FLS **Base:** All UK adults with a residential mortgage (2017: 1,255/ 2020: 2,662/ 2022: 3,350) **Question:** M18/ M19. Summary of interest rate type

Just 8% said they were on the SVR because they were unable to switch. Other common reasons given included their current mortgage having a good rate (25%); their outstanding mortgage balance being too small for the switch to be worth it (18%); the flexibility to overpay or pay off their mortgage without penalty (15%), and that it would be too much hassle to change (10%).

Residential mortgage arrangement channels

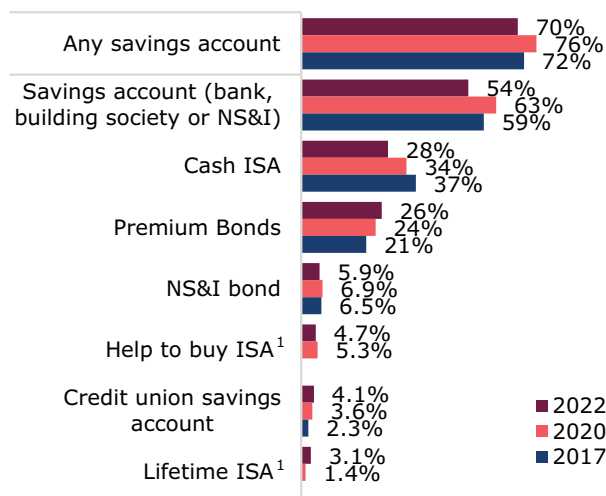
Residential mortgage holders who had taken out their mortgage in the last three years or made some type of change to it in this period (such as switching to a new rate with their existing lender or porting their mortgage when they moved home) told us about the advice they recalled seeking. Half (50%) sought advice from a broker, 11% sought advice from an adviser at a mortgage lender, 38% sought no advice, and 3% could not recall. These results are unchanged from 2020.

Savings and investments

Savings product holding

Figure 2.16 shows the proportion of adults that held any savings product in 2022, and what the products were.

Figure 2.16: Savings products held (2017/2020/2022)



Seven in ten adults (70% or 37.1m) had a savings account of any type in 2022 – down from 76% (39.7m) in 2020.

The most widely held products were savings accounts with a bank, building society or with NS&I (54% or 28.8m), cash ISAs (28% or 14.7m), and Premium Bonds (26% or 13.9m).

Premium Bonds and NS&I bonds in particular were held disproportionately by older people (63% of Premium Bond and 63% of NS&I bond product holders were 55+).

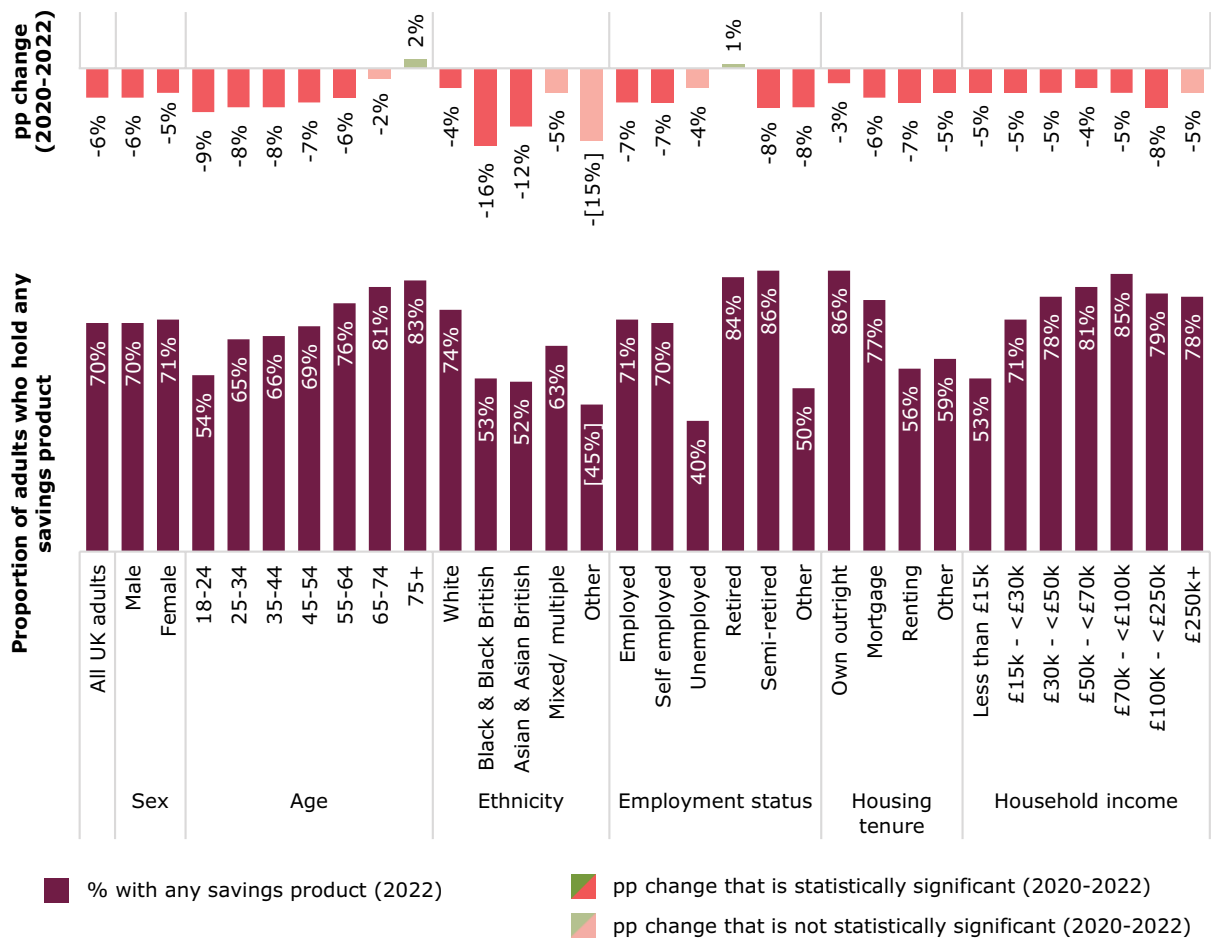
Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**
Note:¹ Not asked in 2017

Figure 2.17 shows the proportion of adults holding any savings product in 2022 across a variety of demographic segments. It also shows the percentage point change in ownership since 2020.

The 2022 data shows older adults were more likely to hold a savings account of any type than younger adults. For example, 83% of those aged 75+ did, compared with 54% of 18-24 year olds. Groups least likely to hold a savings account included those who are unemployed (40%), those with a household income of less than £15,000 (53%), Black and Asian adults (53% and 52%, respectively) and renters (56%).

Looking at the changes over time, there was a notable decrease in the proportion of adults holding savings products between 2020 and 2022 across all adults aged 18-64.

Figure 2.17: Any savings product held and percentage point change since 2020, across a variety of demographic segments (2022)



Source: FLS Base: All UK adults (2020: 16,190/ 2022: 19,145) Question: POSum_NETs.

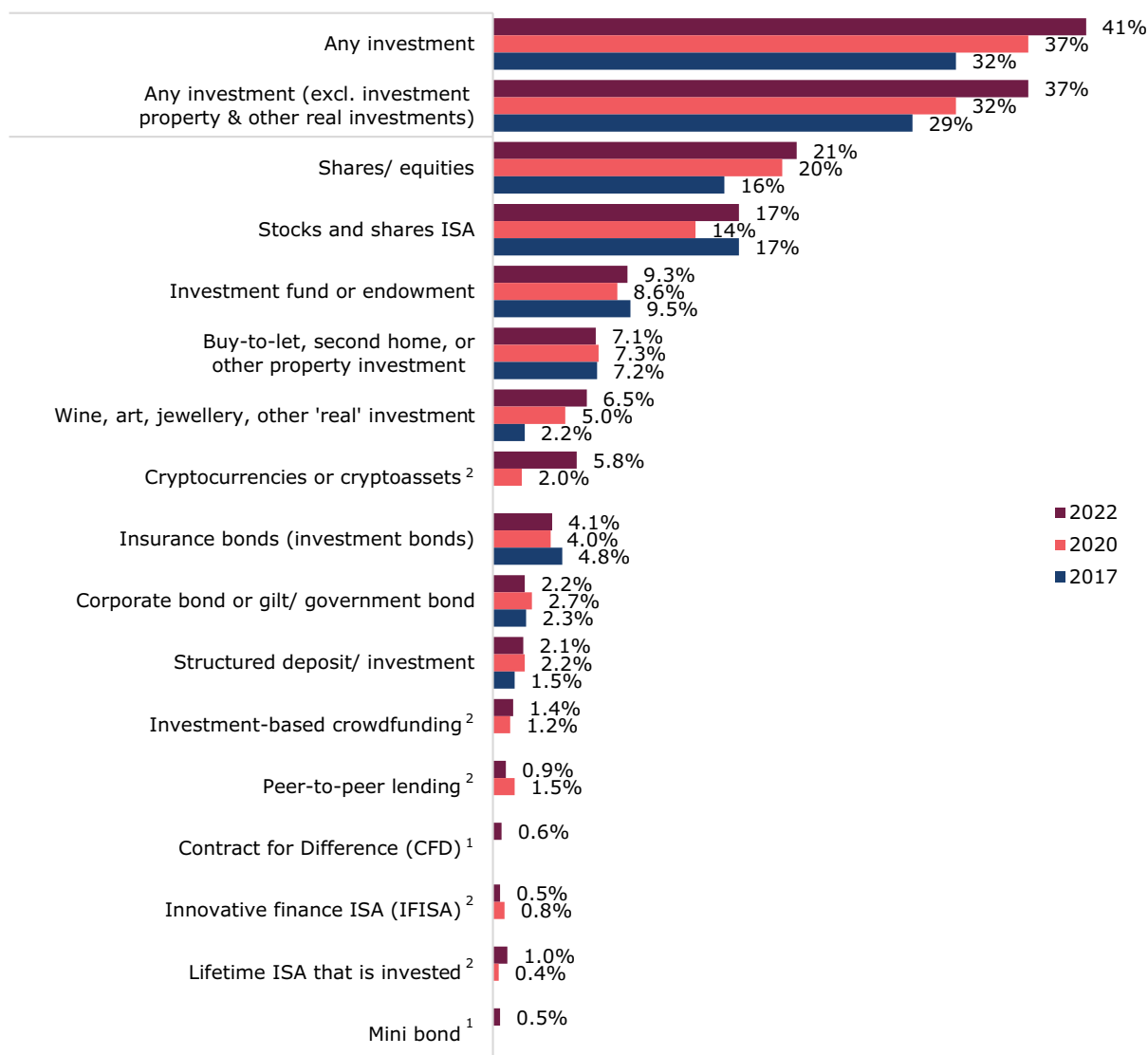
Investments product holding

Figure 2.18 shows the proportion of adults that had any investment product in May 2022, and what investment products they held.

The results shown are mutually exclusive. For example, investment funds are investment funds not held in a stocks and shares ISA, while peer-to-peer lending excludes those who hold this investment in an Innovative Finance ISA.

Overall, 41% of adults (21.8m) held an investment product in 2022 – up from 37% in 2020. If we exclude adults with an investment property or other real investments (such as wine, art, or jewellery) but no other investment products, this proportion falls to 37% (19.5m) in 2022 – up from 32% in 2020.

Figure 2.18: Investment products held (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT** **Notes:** ¹ Products added to the 2022 survey. ² Products added to the 2020 survey. In the 2020 report, we reported that 33% of adults in 2020 had any investment. This Figure excluded those only holding real investments or cryptoassets.

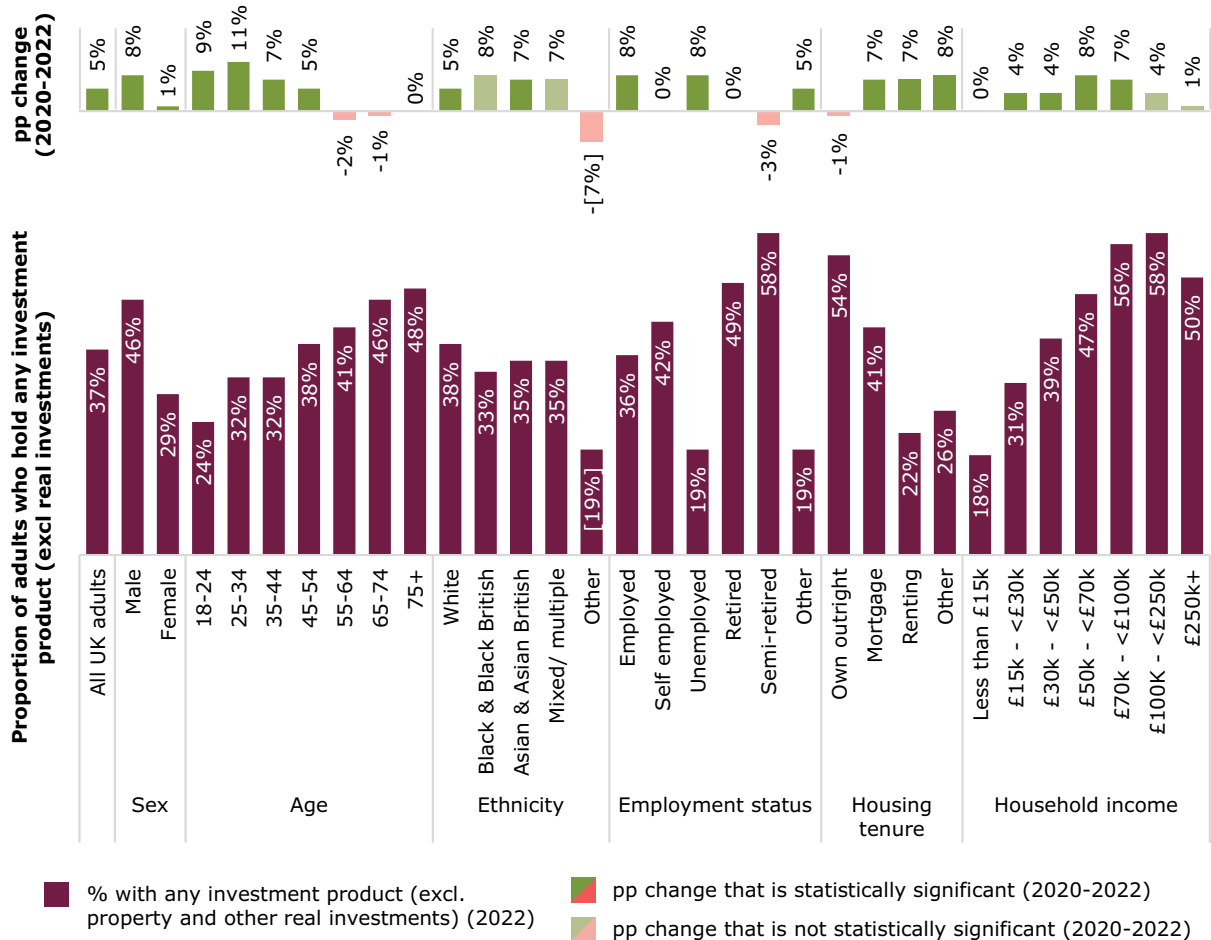
Direct holdings of shares and equities (21% held, equating to 11.3m adults) and stocks and shares ISAs (17% held, equating to 9.1m adults) remained the most- commonly held investment products in 2022 by far. The overall number of adults holding these investments has increased since 2020: by one percentage point for shares/equities and by three percentage points for stocks and shares ISAs.

There has been an almost threefold increase in the proportion of adults holding cryptoassets over the last two years: from just 2% in February 2020 to 5.8% in May 2022.³

³ The FCA's June 2023 Research Note: Crypto consumer research found that 9% of adults owned cryptoassets in August 2022. This research was based on an online panel survey of 2,337 digitally active adults. As a result, it may overestimate the number of cryptoasset users.

Figure 2.19 shows the proportion of adults holding any investment product in 2022 (excluding those who only hold investment property or other real investments) across a variety of demographic segments. It also shows the percentage point change in ownership since 2020.

Figure 2.19: Any investment product held (excl. only property or other real investments) and percentage point change since 2020, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** POSum_NETs.

Men were over one and half times more likely than women to invest in May 2022. Investing is also closely related to age and income, with older adults and adults on higher household incomes more likely to hold investment products than younger adults or those with lower incomes.

There was a notable increase in the proportion of younger adults (particularly younger men) holding investment products between 2020 and 2022. The proportions of 18-24 year olds and of 25-34 year olds with these products increased by 9 and 11 percentage points, respectively. The increases for men in these age groups were 12 and 13 percentage points, respectively.

Spotlight 2.2:

New young investors – 2.1 million 18-34 year olds started investing in the two years to May 2022; many invested in cryptoassets

Since the Covid-19 pandemic, there has been a significant increase in the number of younger adults investing. For example, in February 2020, just 19% of 18-34 year olds had investments. By May 2022, this proportion had increased to 29%. Indeed, of the 4.3 million 18-34 year olds with investments in May 2022, 2.1 million (49%) had started investing in the previous two years, ie since the start of the pandemic.

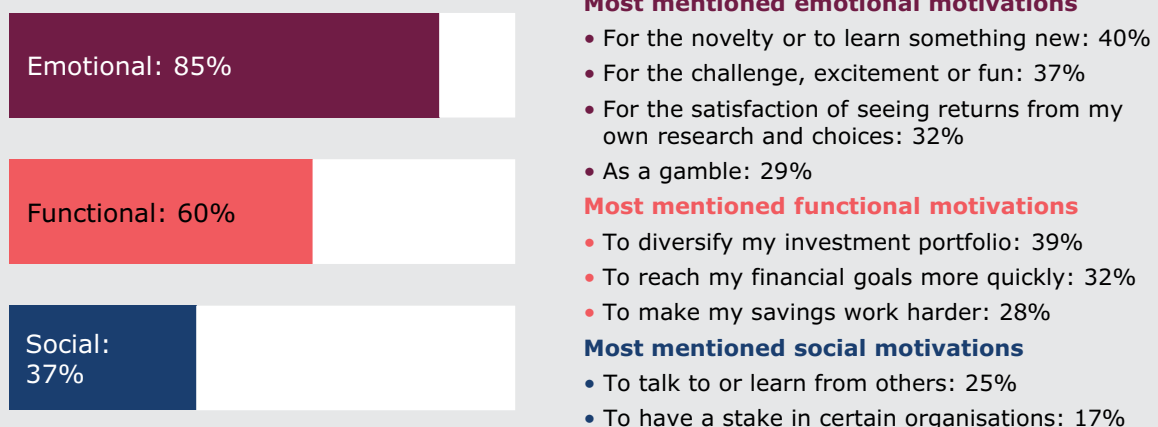
Men made up 70% of new young investors in May 2022 – compared with men accounting for 61% of all investors. New young investors also over-represented adults from a minority ethnic background (23% vs. 12%) and adults with an annual personal income of less than £50,000 (83% vs. 70%).

Two-fifths (41%) of new young investors had direct holdings of stocks and shares, and over one-third (36%) had a stocks and shares ISA. One-quarter (26%) were using non-advised investment platforms.

On average, new young investors tended to have higher risk appetites than other investors. For example, 16% said they have a moderate to high willingness to take risk when investing, compared with just 4% of new investors aged 55+ and 12% of all investors. Over half (56%) held one or more high-risk investment products. For most, this was cryptoassets (46% of new young investors held these).

We asked those with high-risk investments about their motivations for investing. Interestingly, emotional factors play a very important role, as shown in Figure 2.20.

Figure 2.20: Reasons given by new young investors for investing in high-risk investment products (2022)



Source: FLS **Base:** All UK adults aged 18-34 who hold one or more high risk investment products and first started investing in the last 2 years (2022:201) excluding 'don't know' responses (18%) **Question:** HRI3 (Rebased). Why do you invest in these products?

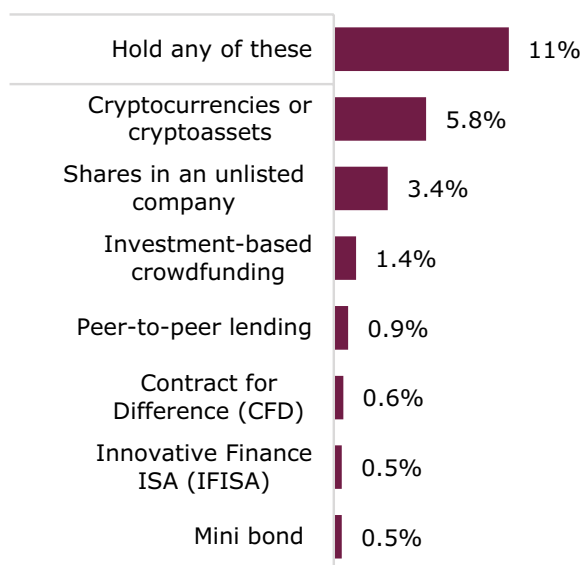
We also asked about the sources of information investors use to research investing, to find opportunities to invest in or to keep up to date with investments. Over half (54%) of new younger investors said they used social media: 33% used YouTube; 29% Facebook, Instagram, Twitter, or TikTok; 24% Reddit or other online forums or blogs, and 17% influencers, bloggers or vloggers on social media or YouTube. In comparison, just 18% of all investors named one or more of these sources.

High-risk investments

Owning high-risk investment (HRI) products has grown, with 8% (4.1m) of the adult population holding cryptoassets, peer-to-peer lending, Innovative Finance ISAs and/or investment-based crowdfunding in 2022 – up from 4% (2.3m) in 2020.

We measured ownership of Contracts for Difference (CFDs), shares in unlisted companies and mini bonds for the first time in 2022. When these are included, 11% (5.7m) of adults held HRIs, as shown in Figure 2.21.

Figure 2.21: High-risk investment products held (2022)



Source: FLS **Base:** All UK adults (2022: 19,145)
Question: POSum1. **CAVEAT**

Over half (52%) of adults with HRIs had one or more characteristics of vulnerability or had low or no appetite for investment risk.

Many consumers only hold a small proportion of their investible assets in in HRIs. Among adults with HRIs, 67% had less than 10% of their investible assets in HRIs, while 18% had 25% or more, and 10% had 50% or more.

Adults holding 50% or more of their investible assets in HRIs were more likely to have low financial resilience ([30%] vs. 14% of those holding less than 10% in HRIs).

One-third (32%) of adults with HRIs said a significant investment loss would have a fundamental, negative impact on their current or future lifestyle, rising to 62% of those holding 25% or more of their investible assets in HRIs.

Story 2.1: Eric

New young investor, investing in cryptocurrency for the thrill and to learn something new

Eric is 20 years old. He is working as a graduate apprentice and lives with a friend in rented accommodation. He describes himself as a cautious investor.

He started investing in cryptocurrency a year or so ago, after seeing adverts on social media and discussing it with some of his friends in the pub. He thought it looked exciting.

He decided to invest in some lesser-known cryptocurrencies, because he felt that he had a better chance of making money than if he invested in a more established currency, like Bitcoin. These lesser-known cryptocurrencies were being heavily promoted by celebrities, which worried him a bit, as he felt they might have undue influence on the way the market moved.

He only invested very small amounts. If he lost all his money, it would not have had a material impact on his financial wellbeing. At the moment, he sees buying cryptocurrencies more as gambling than investing, as he knows it is very high risk.

However, he feels that the market will change over the next few years and that the Bank of England will launch a stablecoin. Ahead of this, he wants to build some experience of how cryptocurrency trading works. He enjoys the thrill of watching his money grow. It feels very different from looking at his savings account which is earning practically nothing. He didn't mind too much if his coins went down as it was all a learning experience.



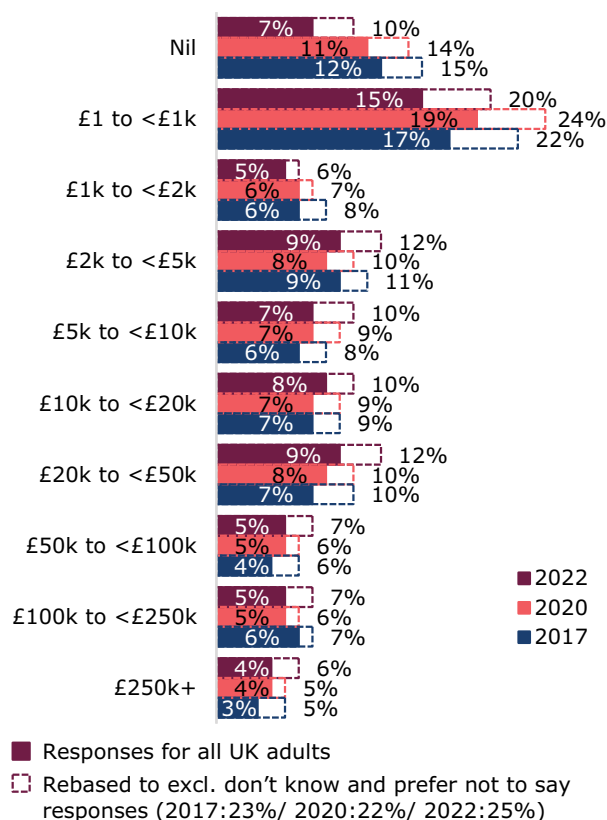
It was definitely just gambling essentially. It was more on that level. It wasn't big time. I didn't put in more than what I could afford to lose. It was just kind of more fun, just the novelty. My money in my savings account doesn't come up by more than a couple quid in interest a month, whereas crypto could flip overnight into something way bigger.



Investible assets

Figure 2.22 shows the distribution of investible assets held by adults. Investible assets include the total value of money held as savings in current accounts as well as in cash savings products (such as savings accounts and cash ISAs), plus the total current market value of any investment products held. They do not include real investments or DC pension assets. Adults who held any savings or investments jointly were asked to only include the amount they considered to be theirs.

Figure 2.22: Investible assets (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** B11/InvestAssets. **CAVEAT**

A large proportion of adults did not know how much money they had in investible assets, or they preferred not to say. For this reason, we have provided two figures in the chart which include or take out these people, effectively giving a range for each asset band.

Figure 2.22 shows that many people in May 2022 had very little money set aside. Between 7% and 10% of adults had no investible assets whatsoever, and a further 15% to 20% had £1 to £1,000.

However, the time-series data in this chart shows these results are a slight improvement on the 2017 and 2020 results: in 2020 between 11% and 14% of adults had no investible assets, and a further 19% to 24% had £1 to £1,000.

In contrast, the proportion of adults with £100,000 or more has changed little since 2017.

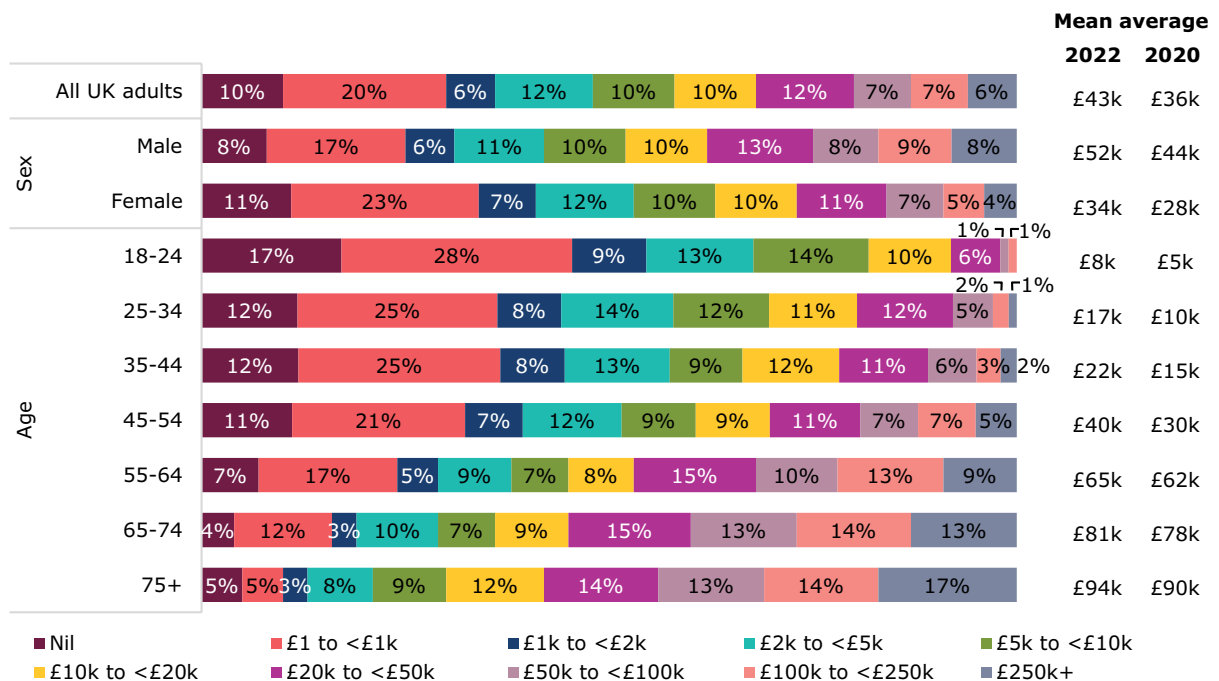
Figure 2.23 shows investible assets by sex and age, excluding the proportions who did not know how much they had or preferred not to say.

Younger adults had far lower investible assets on average than older adults. Excluding those who don't know or prefer not to say, 17% of 18-24 year olds had no investible assets whatsoever, and a further 28% had between £1 and £1,000. The average 18-24 year old had just £8,000, compared with the national average of £43,000.

In contrast, one in ten (11%) of those aged 75+ had no investible assets or less than £1,000, one-third (32%) had £100,000 or more, and the average 75+ year old had £94,000.

Figure 2.23 also shows that men, on average, had more investible assets than women (£52,000 vs. £34,000).

Figure 2.23: Investible assets, by sex and age (2020/2022)

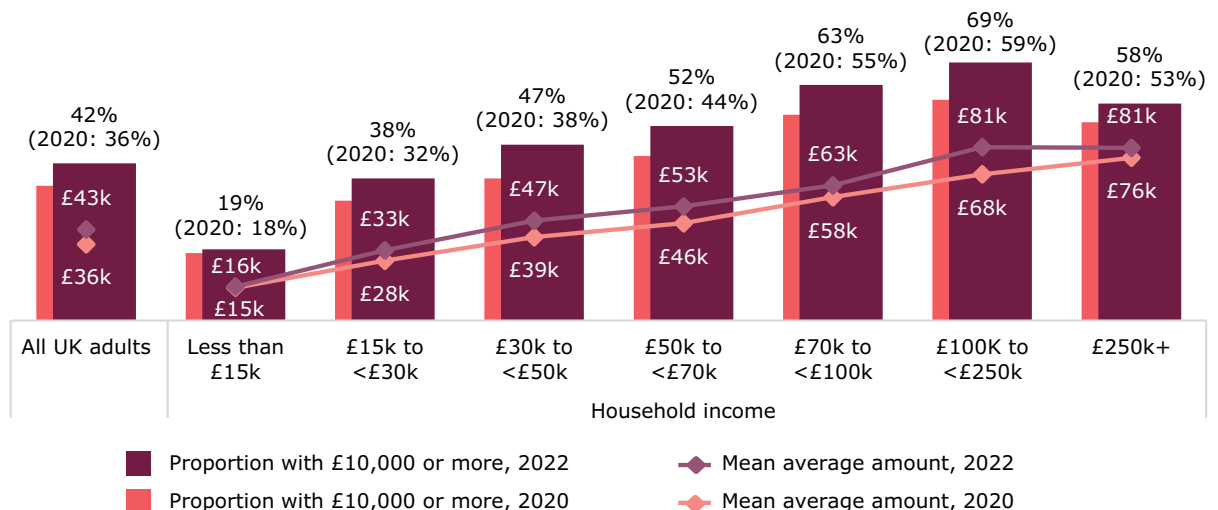


Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' and 'prefer not to say' responses (25%)
Question: InvestAssets. *CAVEAT*

Figure 2.24 shows the proportion of adults who had £10,000 or more in investible assets. The 'All UK adults' column in the chart shows that the savings of the 'average UK consumer' increased between February 2020 and May 2022. In May 2022, 42% had £10,000 or more, compared with 38% in February 2020. Likewise, the average amount held increased from £36,000 to £43,000 during this period.

Figure 2.24 also shows these results by household income band and highlights the finding that adults with less than £15,000 in household income saw no improvement in their savings in the two years to May 2022.

Figure 2.24: Proportion of adults with £10,000 or more in investible assets and mean average amount, by household income (2020/2022)



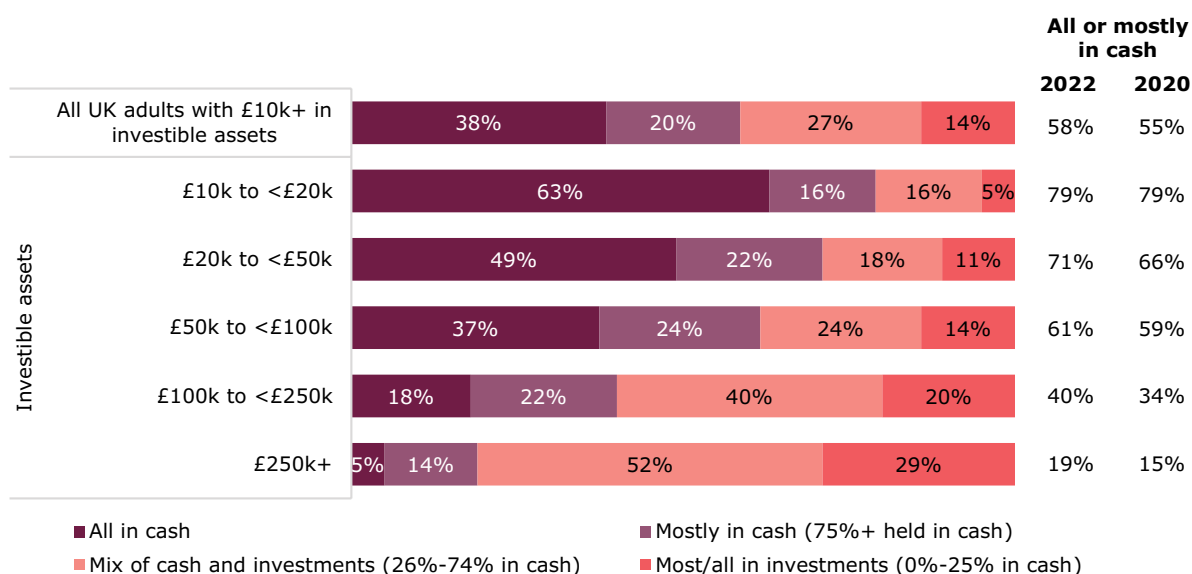
Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) excluding 'don't know' and 'prefer not to say' responses (22%/25%) **Question:** InvestAssets. *CAVEAT*

Likelihood to invest

Investing is not for everyone and comes with risks. Figure 2.25 shows the proportion of assets held in cash savings products compared with investment products, for adults with at least £10,000 in investible assets.

Results suggest that a significant proportion of wealthier adults were holding far more money in cash than is likely to be needed for an emergency savings buffer. They could potentially make their money work harder if they engage more with their finances and consider investing. For example, in 2022 58% of adults with investible assets of £10,000 or more held all or at least three-quarters of these assets in cash.

Figure 2.25: Proportion of investible assets held in cash savings products vs. investment products, for adults with £10,000 or more in investible assets, by total value of investible assets held (2020/2022)



Source: FLS **Base:** All UK adults with £10,000 or more in investible assets (2022: 7,525) **Question:** Investible assets x Propensity to invest. **Note:** The chart compares the amount of money each adult holds in cash savings products to the amount they hold in investment products (based on the current market value). Some adults did not tell us their cash and investment values, but rather their overall level of investible assets – these adults (1%) have been excluded from this analysis.

Spotlight 2.3:

Barriers to investing

A significant proportion of wealthier adults in May 2022 were holding far more money in cash than is likely to be needed for an emergency savings buffer. While investing is not for everyone, many of these consumers had some willingness to take investment risk and were not planning to access their savings in the short term. Investing some or more of their money could be sensible, if they want to make their savings work harder, particularly in today's higher inflation and interest rate environment.

Financial capability may play a role as a barrier to investing. For example, of adults who had £10,000 or more in investible assets in May 2022, 70% of those with low financial capability held all or most of their money in cash. Far fewer (57%) of those who did not have low financial capability did likewise.



I now wish I had started investing earlier, but the reason I didn't is a combination of perceived risk and barriers to entry – I didn't have any idea where to start, or how or what to do, and the amount of work required to answer those questions felt almost insurmountable, so I did nothing.

(Male, 25-34)



To explore this issue further, we asked non-advised adults who had £10,000 or more in cash in May 2022, but no investments, a series of questions about their attitudes to investing, their knowledge of investing, and their reasons for choosing not to invest. Highlights from our results included:

- just one in ten (9%) had seriously considered investing before
- almost half (46%) believed they do not have enough money, or their financial affairs are too straightforward to consider investing
- almost one-third (31%) said they do not know enough about investments or would require support, if they were to invest in the future
- one-third (33%) did not know that money in cash savings tends to decrease in value over time because inflation normally outpaces interest rates
- one-sixth (16%) believed that cash ISAs and stocks and shares ISAs have performed about the same, on average, over the past 10 years – and a further three-fifths (62%) did not know enough to have an opinion about their relative performance

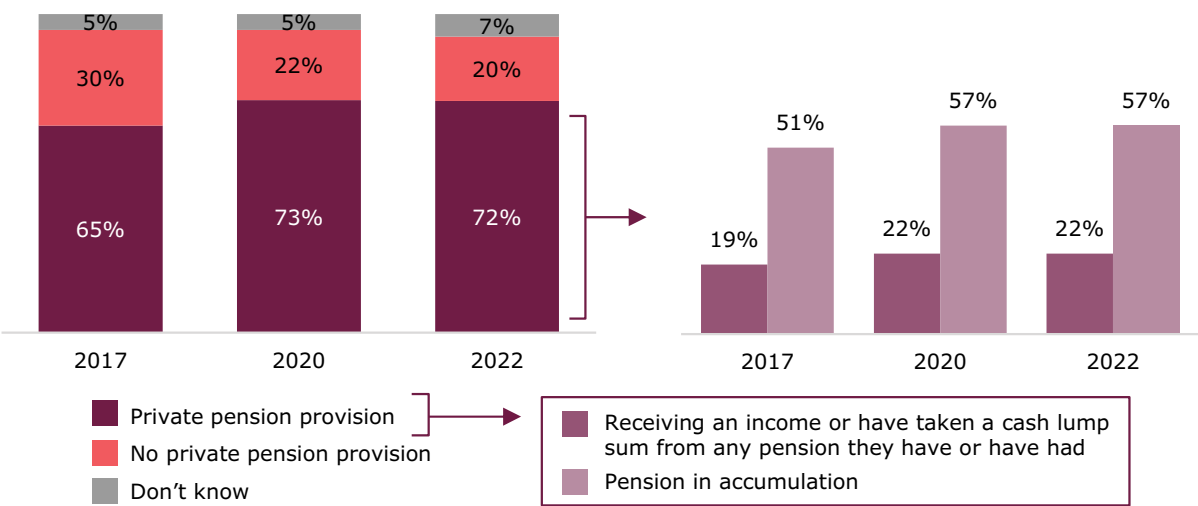
Pensions

In this section, we report on the 72% of adults who had any private pension provision in 2022. This Figure includes the 57% of adults who had a private pension in accumulation (ie a pension they have not yet accessed) and the 22% of those who had decumulated (or accessed) a private pension.

These results are shown in Figure 2.26. There was a small overlap between the two groups, with some adults (6%) having accessed a private pension and having another pension not yet accessed.

The proportion of adults with any private pension provision in 2022 is not statistically different from 2020.

Figure 2.26: Any private pension provision (2017/2020/2022)

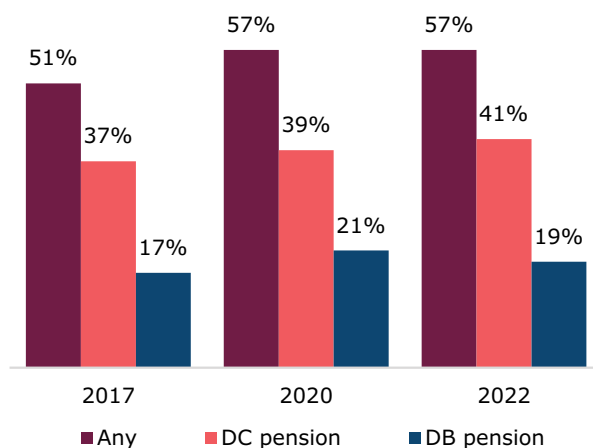


Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSumP1.

Pension accumulation

Auto-enrolment has increased pension take-up. Overall, 57% of all adults (29.9m) had a pension in accumulation in 2022, 6 percentage points higher than in 2017 (25.9m). However, as seen in Figure 2.27, there has been little change in pension ownership in the last two years.

Figure 2.27: Pensions in accumulation, by type of scheme (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/2020: 16,190/2022: 19,145) **Question:** POSum1. **CAVEAT**

41% of adults (21.5m) had a defined contribution (DC) pension in accumulation in 2022 (up from 37% in 2017), while 19% (10.2m) had a defined benefit (DB) pension in accumulation (up from 17% in 2017). Of these, 3% (1.8m) had both a DB and DC pension in accumulation (4% in 2017).

Among non-retirees, 67% had a pension in accumulation in 2022: 49% had a DC pension, and 23% had a DB pension.

This means that there were 9.7 million adults (24%) in 2022 who were not retired and did not have a pension in accumulation. Just under one in ten (9%) did not know.

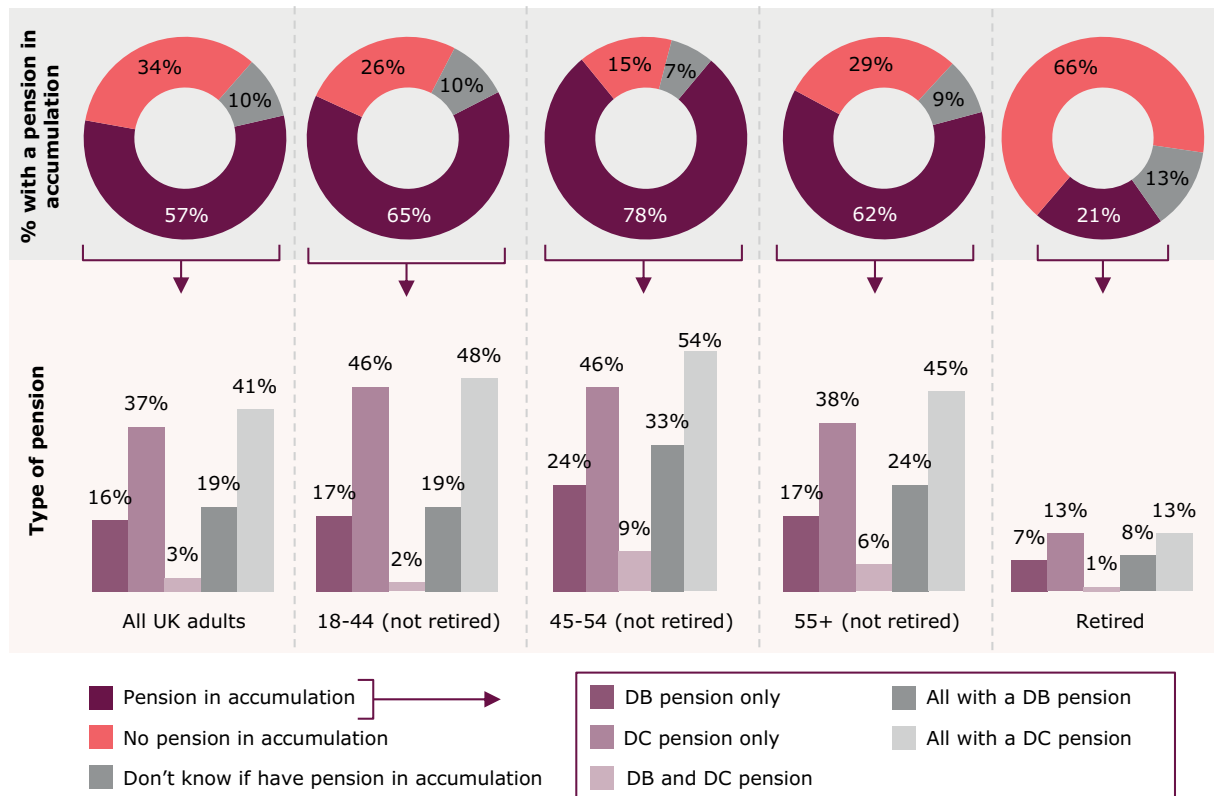
Excluding retirees, demographic groups least likely to have a pension in accumulation included 18-21 year olds (12% had one), the unemployed (24%, compared with 79% of all adults in work), those with a personal income of less than £15,000 a year (39%, compared with 89% of those with an income of £50,000 or more) and those who were self-employed (53%, compared with 84% of employees). These groups were likely to be ineligible for auto-enrolment.

There are also some differences by sex. Excluding retirees, 71% of men had a pension in accumulation in 2022, compared with just 65% of women (72% and 65% in 2020, respectively). However, women were slightly more likely to have a DB pension: 24% of non-retired women had a DB pension in accumulation, compared with 22% of non-retired men.

Figure 2.28 shows the proportion of adults who have a pension in accumulation by life stage in 2022, and the type of pension held, whether DC, DB or both.

Pension ownership peaked with 45-54 year old non-retirees: over three-quarters (78%) had a pension they had not yet accessed, 33% had a DB pension, and 54% had a DC pension. Fewer non-retirees aged 55+ had a pension in accumulation (62%). This is because a large minority (35%) had already accessed a pension.

Figure 2.28: Pensions in accumulation, by life stage (2022)



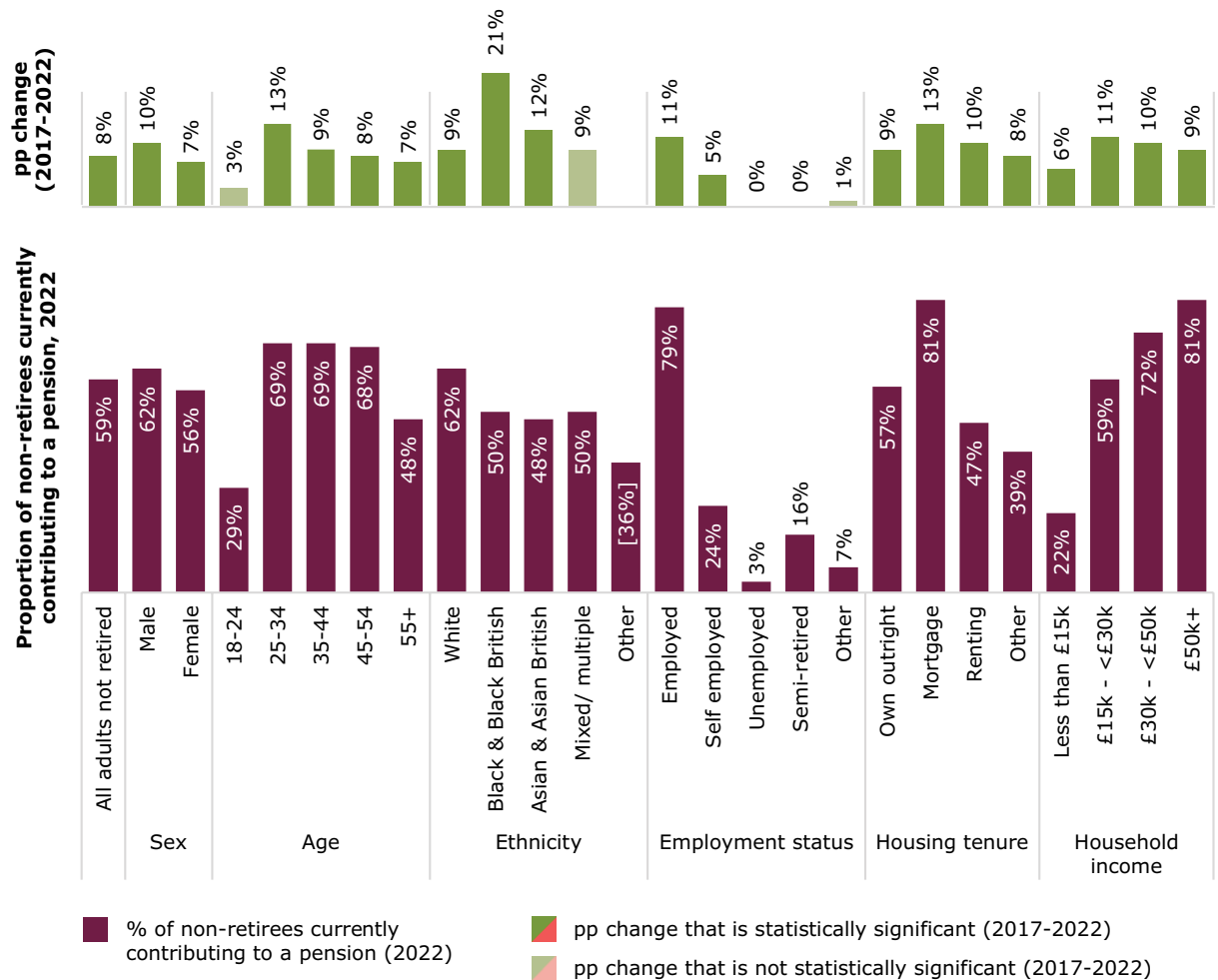
Source: FLS **Base:** All non-retirees aged 18-44 (2022: 7,789)/All non-retirees aged 45-54 (2022: 2,962)/All non-retirees aged 55+ (2022: 3,178)/All retired adults (2022: 5,216)/All UK adults (2022: 19,145) **Question:** POSumP4 (Rebased).

Note: The lower proportion of adults aged 55+ not retired with a DB or DC pension in accumulation, compared with those aged 45-54, is because a higher proportion of these adults have accessed or are receiving an income from a DB or DC pension.

Although 67% of all non-retirees had a pension in accumulation, Figure 2.29 shows that in 2022 just 59% were making contributions to a pension, or that their employer was on their behalf. However, this proportion has increased significantly since 2017 (by eight percentage points), driven by auto-enrolment.

Non-retirees least likely to be making contributions to a pension were the unemployed (3%) and others not in work (such as students, the sick or disabled, those looking after the home or family or full-time carers) (7%), those with a household income of less than £15,000 (22%), the self-employed (24%) (particularly sole traders (20%)), 18-24 years olds (29%) and renters (47%).

Figure 2.29: Non-retirees currently contributing to a pension and percentage point change since 2017, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults who are not retired (2020: 12,347/ 2022: 13,929) **Question:** POSumP3 (Rebased).

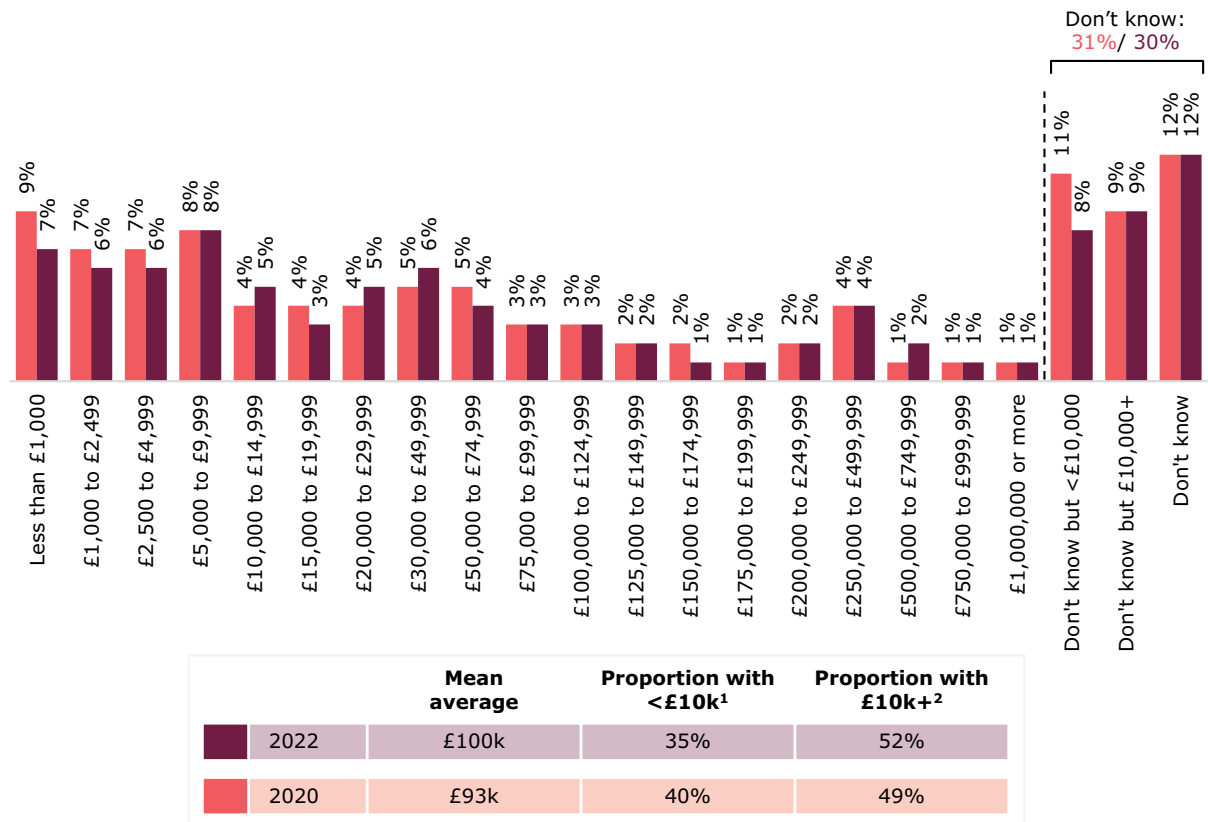
DC pension savings

We asked adults with a DC pension in accumulation the approximate size of their DC pension pot. For those with more than one DC pot, we asked them to say how much they had in DC pension savings in total. When asked, three-tenths (30%) did not know how much they had. We asked these adults a follow-up question to say whether they had approximately more or less than £10,000: 17% were able to answer, but 12% still did not know – as shown in Figure 2.30.

Auto-enrolment is still in its infancy and this is reflected in pot sizes.⁴ One-third (35%) of adults with a DC pension in accumulation had a pot of less than £10,000; 52% had a pot of £10,000 or more (the remaining 12% did not know).

⁴ Automatic enrolment began in October 2012, when larger employers (those with 250 members or more) started to enrol staff. All existing firms had to enrol their staff by April 2017, followed by all new employers by February 2018.

Figure 2.30: Total amount of defined contribution pension savings, for adults with a defined contribution pension in accumulation (2020/2022)

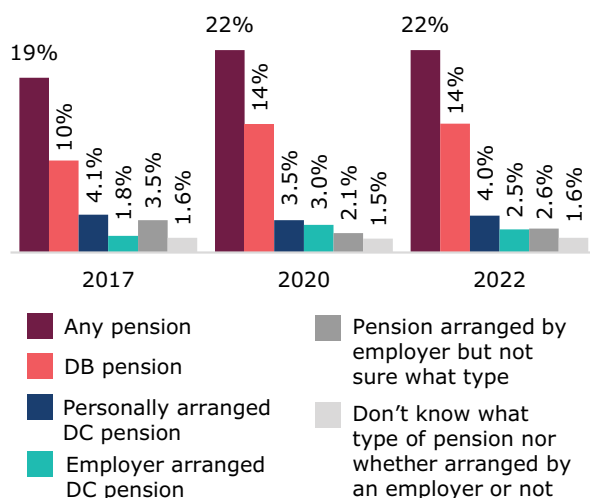


Source: FLS **Base:** All UK adults who hold a DC pension in accumulation (2020: 6,464/ 2022: 7,993) excluding 'prefer not to say' responses (4%/4%) **Question:** B3/B3New_2 (Rebased). Approximately what is the current size of your combined pension pot in total? **Notes:** ¹ Includes those who don't know but know they have less than £10,000. ² Includes those who don't know but know they have £10,000+. Mean average pot size excludes in 3 in 10 (31%/30%) who do not know their pot size.

Pension decumulation

Figure 2.31 shows the proportion of adults who were receiving pension income in 2022 or had taken a cash lump sum from a private pension. This could be from a DB pension, a DC pension, or both, but does not include the State pension.

Figure 2.31: Receipt of an income or withdrawal of cash lump sum from a pension, by type of scheme (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/2020: 16,190/2022: 19,145) **Question:** POSumP6.

It shows that 22% of adults (11.6m) were receiving an income or had taken a cash lump sum from a pension – unchanged from 2020. For most, this was from a DB pension.

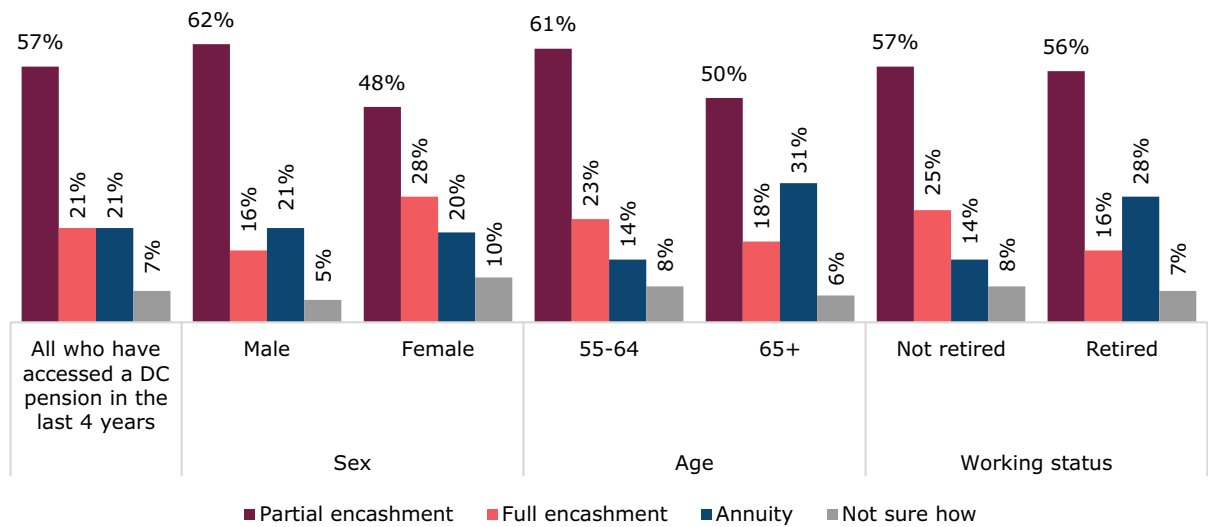
Three-quarters (74%) of these adults said they were retired, while just under one-quarter (23%) were still in work.

Seven in ten (71%) retirees were receiving an income or had taken a cash lump sum from a pension in 2022. Retirees who were least likely to have a pension in decumulation include:

- women (63% vs. 79% for men)
- adults from a minority ethnic background (42% vs. 72% for adults not from a minority ethnic background)
- renters (53% vs. 74% for those retirees who own their home outright)

Figure 2.32 builds on these findings to show pension decision outcomes for the 1.5 million adults aged 50+ who, in May 2022, had accessed a DC pension in the last four years. Partial encashment was the most common decision, with just over half (57%) making the choice to take some cash out of the pension and leave the remainder invested, either via income drawdown or Uncrystallised Funds Pension Lump Sum (UFPLS).

Figure 2.32: Pension decision outcome, for adults aged 50+ who have accessed a defined contribution pension in the last four years (2022)



Source: FLS **Base:** All UK adults who are aged 50+ and have decumulated a DC pension in the last four years (2022: 773) **Question:** POSumP6a.

The State pension is an important underpinning for many of those in, and approaching, retirement.

Of retired adults, two in five (40%) said the State pension was their main source of income, up two percentage points from the result in 2020:

- Women were more likely to say this than men (48% vs. 31%, respectively)
- Retirees not living in a couple were more likely to say this than those living in a couple (51% vs. 34%, respectively)

For those aged 65+ who had not yet retired, 36% expected the State pension to be their main source of income in retirement – unchanged from 2020.

For those who had accessed a DC pension in the last four years, over one in three (34%) said the State pension was their main source of income, or they expected it to be – increasing to 59% who had fully encashed a pot.

General insurance and protection

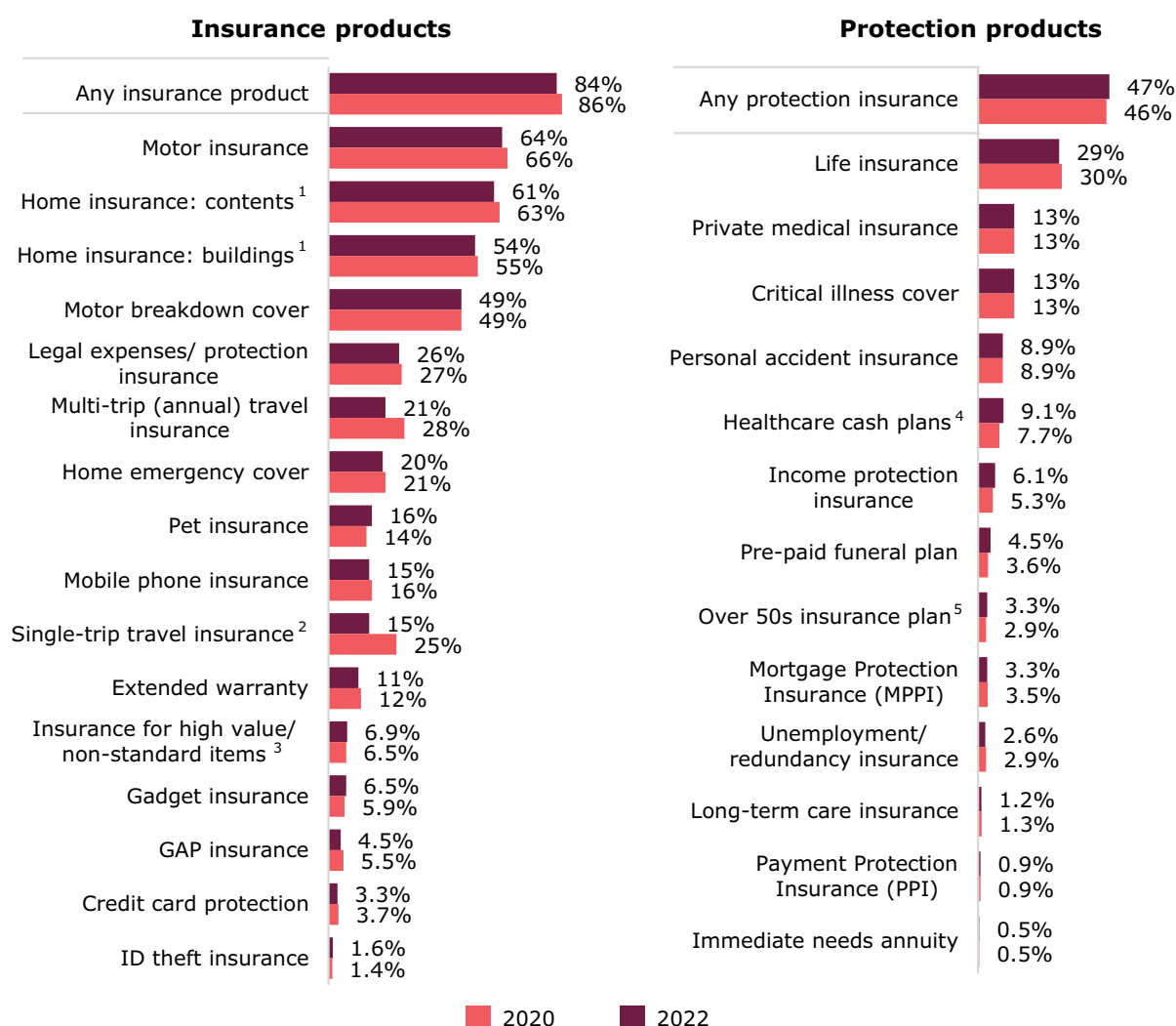
Figure 2.33 shows the proportion of adults who held any general insurance product or any protection product in May 2022, compared with February 2020. It also shows ownership rates by product.

The most-commonly held insurance policies were motor (64%), home contents (61%), buildings (54%), and motor breakdown cover (49%). Owning motor and home contents insurance has decreased somewhat since February 2020.

There was also a notable reduction in the proportion of adults holding travel insurance policies, compared with February 2020. This is likely to reflect the impact Covid-19 had on the tourism industry and the fact that tourism numbers had not yet returned to pre-pandemic levels.

Take-up rates for protection products were much lower than for general insurance products. Even the most common, life insurance, was held by only three in ten adults (29%). After that, take-up rates drop considerably. Just 13% held the next most popular protection products, private medical insurance and critical illness cover.

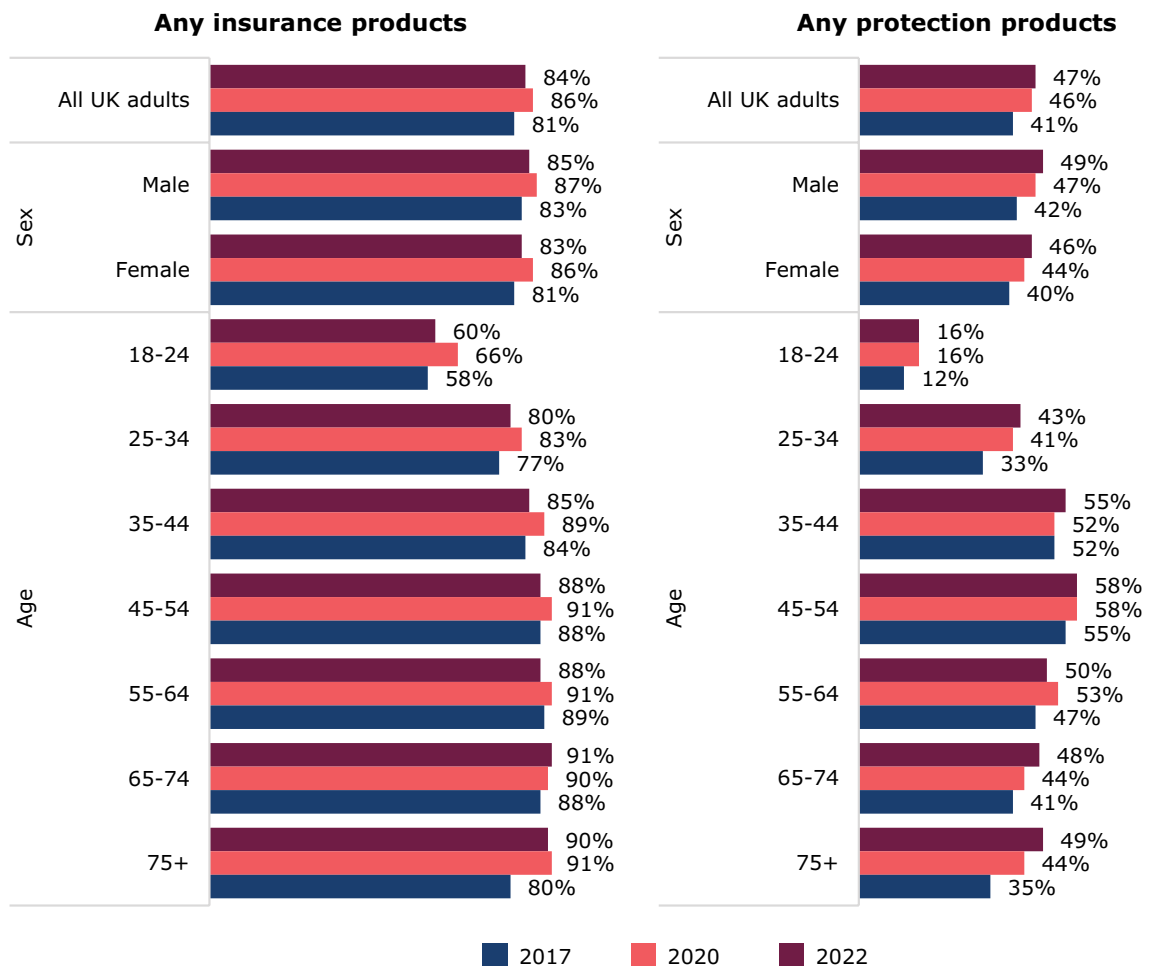
Figure 2.33: Insurance and protection products held (2020/2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT** **Notes:** ¹ All with contents or buildings cover, whether part of a combined policy (contents and buildings combined) or as a separate policy ² Held in the last 12 months. ³ That are not covered by another policy. ⁴ Including dental. ⁵ Also known as a guaranteed whole of life plan.

Figure 2.34 shows the proportion of adults who held any general insurance product or any protection product, split by sex and age.

Figure 2.34: Holding of any insurance or any protection product, by sex and age (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum_NETs.

Overall, over eight in ten (84%) had at least one insurance product – down from 86% in 2020. 18-24 year olds had the lowest take-up rates: one in four (40%) did not hold any insurance products in 2022 – up from one in three (34%) in 2020.

Just over half (53%) of all adults did not hold any protection products – down one percentage point from 2020 (54%). This was most common among those who were aged 18-24, were unemployed or had a household income of less than £15,000, as shown in Table 2.2.

Table 2.2: Demographic groups most likely to have no protection products (2022)

Demographic group	No protection products
Aged 18-24	84%
Unemployed	80%
Household income <£15,000	71%
Renters	69%
Single	67%
Low financial resilience	66%
Low confidence in managing money	66%
Minority ethnic	62%
Show characteristics of vulnerability	59%

Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** POSum7.

Spotlight 2.4:

Pre-paid funeral plans – most policyholders content with the pre-sale explanation of the plan, but a minority felt pressured into buying

The FCA became responsible for the regulation of funeral plans in July 2022, following concerns about the conduct of some pre-paid funeral plan providers.

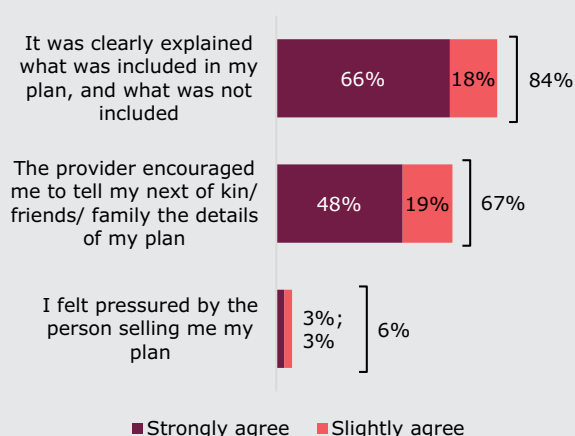
In May 2022, 2.4m adults (5%) had a pre-paid funeral plan. Two-thirds (66%) of these policyholders were aged 65+.

Funeral plans can be sold by a third-party intermediary or directly by the provider. Asked how they took out their policy, just one in ten (11%) said that they were approached by an intermediary or provider – for example, by telephone or text (6%), by a sales rep at home (4%), or by email (3%). A further 6% said they were told about the policy by a will writer, financial adviser, or funeral director. Most (57%) approached the provider themselves or took out the policy after being told about it by friends or family (13%).

Asked about the main reasons for taking out their policy, four-fifths (79%) said they did so for peace of mind, or to ensure their affairs were in order following the death of a family member or friend. Financial reasons were important for half (49%) of all policyholders, for example to pay a fixed price to guard against rising funeral prices in the future or to spread the costs over several months.

Asked about the sales process, 84% of policyholders agreed that it was clearly explained what was included in their policy and what was not, 67% that the provider encouraged them to tell their next of kin about the plan's details, and just 6% that they felt pressured by the person selling them their policy. These results are shown in Figure 2.35.

Figure 2.35: Attitudes among adults with a pre-paid funeral plan (2022)



Source: FLS **Base:** All UK adults with a pre-paid funeral plan (2022: 767) excluding 'don't know' responses (6%/8%/4%) **Question:** FP5a-c (Rebased). How much do you agree or disagree with the following statement about your pre-paid funeral plan?

They told us what was covered and what isn't. We didn't feel pressured at all. We did actually speak originally over the phone and got some details, and then the rest of it was done through email. But everything was detailed and we were happy with everything. ... We spoke to the kids, so they know what the plan's details were.
(Male, 55-64)

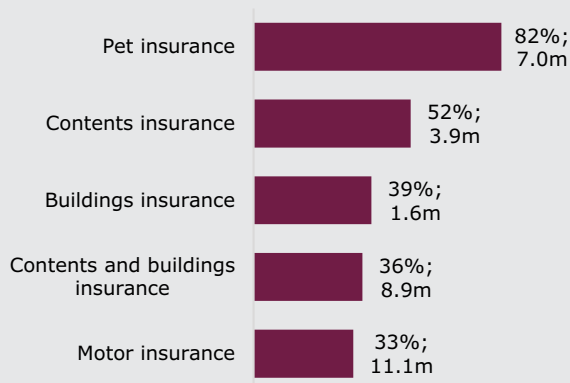
When I looked into it, I was aware that there are some fly-by-night companies. I used a credit card, just in case. And I've checked, as far as I'm aware, that the funds are protected. I would consider myself reasonably aware of the pitfalls.
(Male, 55-64)

Spotlight 2.5:

Premium finance – most users aware that it costs them more to pay for insurance monthly

Premium finance is a credit arrangement that lets people pay for their insurance policies in monthly instalments, rather than annually. The overall cost is higher for those paying monthly, as interest is charged. Premium finance was widely used by consumers in 2022, particularly in the pet insurance and contents insurance markets, as Figure 2.36 details.

Figure 2.36: Policyholders who pay in monthly instalments (2022)



Source: FLS **Base:** All UK adults who hold the following insurance policies (2022): motor (13,945), buildings (1,657), contents (2,741), contents and buildings (10,737), pet (3,304) **Question:** P_Gl3a-e. Is this policy paid for in a single payment or by instalments?

In fact, just considering these five insurance products, 20.6 million adults had one or more of these premium finance arrangements (50% of those holding at least one of these policies).

Those most likely to have used premium finance for one of these policies include:

- adults in financial difficulty (79%)
- adults with low financial resilience (68%)
- adults with no investible assets or investible assets of less than £10,000 (68%)
- adults living in the most deprived areas of the UK (66%)
- 18-34 year olds (59%)

We asked policyholders why they use premium finance. The main reasons were to spread the costs or not being able to afford to pay in a single annual payment. Very few did not know they could choose to pay annually. For example, just 9% of contents insurance policyholders using premium finance said this – as did 4% of pet insurance policyholders, 2% of contents and buildings insurance policyholders and less than 0.5% of motor insurance policyholders.

I've always had monthly payments, so I can budget.
(Female, 55-64)

I think at the time it was easy to do Direct Debit because we knew where we was every month. We knew we was covered. We definitely couldn't lay our hands on two, three grand or whatever.
(Female, 55-64)

Some consumers, however, were unaware that by paying in monthly instalments they are paying more in total for their insurance. Motor insurance holders were the most likely to say paying monthly costs more (85%), followed by policyholders for home contents and buildings insurance (68%), contents insurance (62%), and pet insurance (51%).

I think the [amount paid] is about the same and sometimes it's less. I'm guessing here, but I'm pretty sure that sometimes if you do a Direct Debit, you get a slight discount on your monthly amount.

(Female, 55-64)

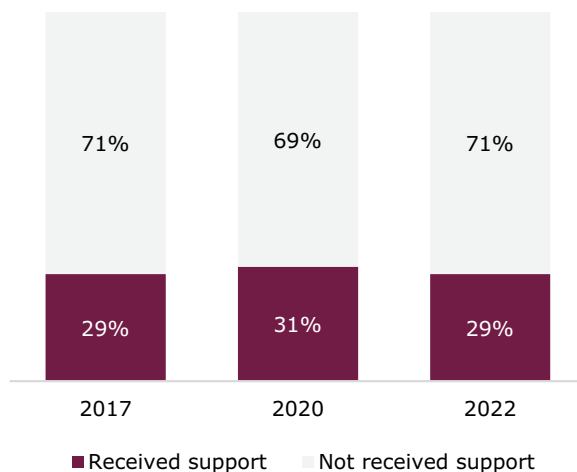
It costs slightly more. You pay a fee for doing monthly payments on most of the insurances. But it's not a huge amount and at the end of the day it's at least comforting that you're insured.

(Female, 55-64)

Financial support, including advice and guidance

Three in ten adults (29% or 15.2m) received support about investments, saving into a pension or retirement planning in the 12 months to May 2022 – down two percentage points on results for the year to February 2020.

Figure 2.37: Receipt of support in the last 12 months (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/2020: 16,190/2022: 19,145) **Question:** Support 12m. Received support in the last 12 months **CAVEAT**

This support could be regulated financial advice, for example, from a financial adviser or an automated advice service, or information or guidance to help them to identify their options and narrow down their choices.

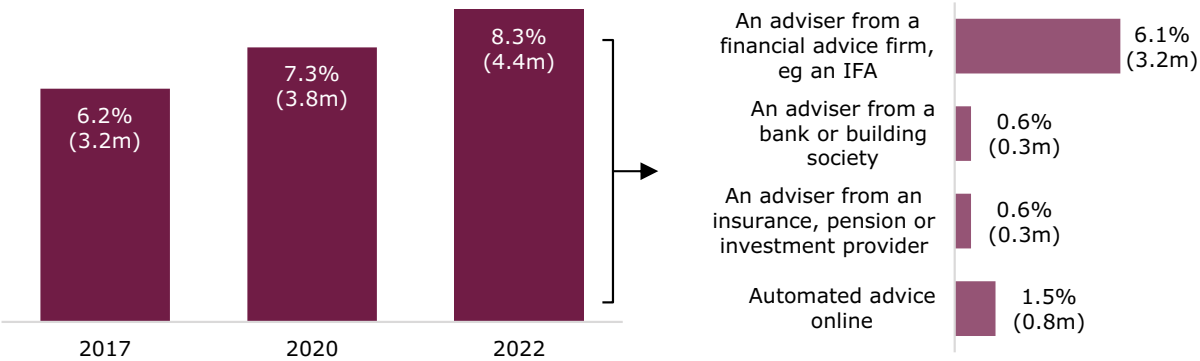
We include a range of different sources of information and guidance, including more formal guidance services such as Pension Wise and MaPS; private sector advice websites such as Which? and MoneySavingsExpert.com, and information or guidance provided through the workplace. We also include information or guidance provided by the media and from friends and family.

More men than women received support in the 12 months to May 2022: 32% (8.3m) compared with 26% (6.8m), respectively. Getting support also varied considerably by age, with adults aged 55-64 being the most likely to get it (39% received support in the 12 months to May 2022) and adults aged 18-24 the least likely (15% received support in the 12 months to May 2022).

Regulated financial advice

In 2022, 8.3% (4.4m) of adults had received regulated financial advice in the previous 12 months – up 2 percentage points since 2017. These results are shown in Figure 2.38.

Figure 2.38: Receipt of regulated financial advice in the last 12 months (2017/2020/2022) and type of adviser used (2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Support12m. Received support in the last 12 months **CAVEAT/DV3** (Rebased). Type of adviser used

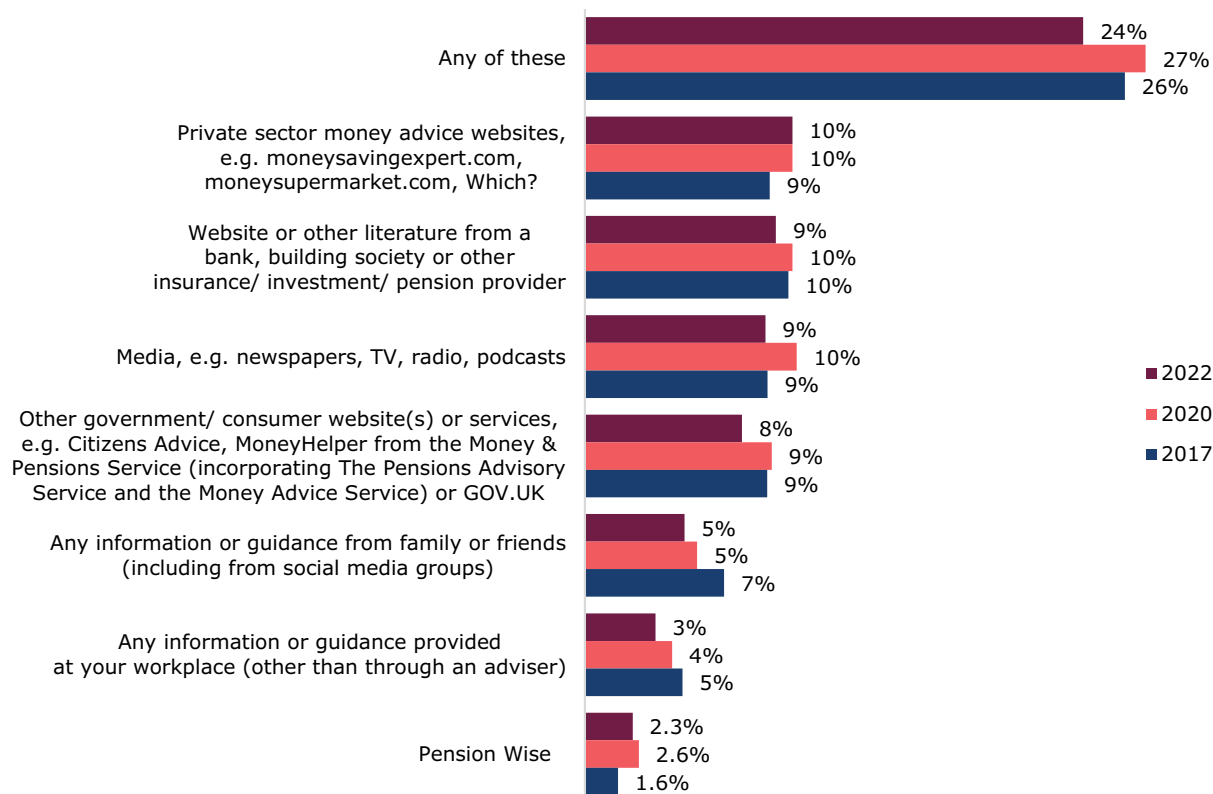
Unsurprisingly, use of regulated financial advice increases with wealth. For example, almost one in three (31%) adults with investible assets of £100,000 or more had had regulated financial advice in the last 12 months, compared with just 2% of adults with less than £10,000.

Looking at the type of adviser or advisers used in the last 12 months, three-quarters (74%) of advised adults used an adviser from a financial advice firm, such as an IFA. Overall, this means that 6% (3.2m) of adults received advice from an adviser at a financial advice firm in the last 12 months. This number is unchanged since 2020, but up from 2.6 million in 2017. The number of adults who had received automated advice online in the last 12 months increased eight-fold from 0.1 million in 2017 to 0.8 million in 2022.

Information and guidance

As shown in Figure 2.39, one in four adults (24% or 12.9m) used some form of information or guidance in the 12 months to May 2022, to help them with decisions about investments, saving into a pension or retirement planning – down from 27% in 2020.

Figure 2.39: Recall of having used information or guidance in the previous 12 months, by source (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** B1XX. Which, if any, of the following have you used in the last 12 months as a source of information or guidance related to investments, saving into a pension or retirement planning? **Note:** Pension Wise only asked to adults aged 50 and over, but result shown here as a proportion of all UK adults. The Pension Advisory Service was asked about separately, but is included in "Other government/consumer websites" given it is now part of the Money and Pensions Service.

The most used sources of information or guidance were private sector money advice websites (10%), websites or other literature from a bank, building society or other providers (9%) and the media (9%).

Use of government-backed guidance services, such as Citizens Advice, MoneyHelper from the Money & Pensions Service (incorporating The Pensions Advisory Service and the Money Advice Service) or GOV.UK, decreased slightly: 8% of adults used one of these services in the 12 months to May 2022, compared with 9% in the 12 months to February 2020.

Pension Wise is a free and impartial service set up by the Government in 2015, offering guidance about defined contribution pension options. The service can be accessed by anyone over 50 and has been widely promoted. Over half (52%) of adults aged 50+ with a DC pension in accumulation were aware of the service in 2022, compared with 47% in 2020 and just 20% in 2017.

Of all adults who had accessed a DC pension in the last four years, 35% said they had used Pension Wise – 5% had had a face-to-face appointment, 13% had had a telephone appointment, and 20% had used the Pension Wise website.

Of adults who had used Pension Wise in the 12 months to May 2022, a third (33%) said the guidance they received helped a lot – not statistically different from the 29% who said this in 2020. Half (55%) said it helped a little, 9% said it did not help, and 4% did not know.

Chapter 3

Consumers with characteristics of vulnerability

Key facts and figures at May 2022: Over half of UK adults (52%) had characteristics of vulnerability.

Our Finalised guidance for financial services firms on the fair treatment of vulnerable consumers is intended to ensure vulnerable consumers get as good outcomes as those who are not in vulnerable circumstances. Our guidance identifies four drivers which may increase the risk of vulnerability: poor health, experiencing a negative life event, low resilience and low capability. Consumers who display characteristics of vulnerability are at greater risk of harm than are consumers who do not display these characteristics. Consumers can move in and out of vulnerability as their circumstances change: anyone can become vulnerable. For FLS 2022 we have expanded how we measure these characteristics.

In May 2022, 52% of UK adults (27.3m) showed one or more characteristics of vulnerability. Of the 27.3 million adults, three in ten (31%) showed characteristics under one driver, 14% showed characteristics under two drivers, 5% under three drivers, and 1% under four drivers.

Certain groups were far more likely to show characteristics than others. This was particularly true for adults in low-income households (76% of all adults with a household income under £15,000), the unemployed (74%), those who rent (69%), Black adults (66%), and those of mixed/multiple ethnicity (64%).

Looking at results for each driver of vulnerability we see that in May 2022:

- 4.8 million adults (9%) were in **poor health** or had cancer, multiple sclerosis (MS), or HIV infection. Well over half (59%) of these adults had experienced issues interacting with financial providers or with managing their finances specifically due to a health condition or illness.
- 11.4 million adults (22%) had experienced a **negative life event** such as bereavement, job loss or relationship breakdown in the previous 12 months (or their partner had) or they had experienced financial abuse by their partner or a family member in the previous five years.
- 14.5 million adults (27%) had **low resilience**. This includes both the 12.9 million (24%) who had **low financial resilience** and the 3.8 million (7%) who had **low emotional resilience**, reporting that they find it very difficult to recover from negative experiences.

- 11.7 million adults (22%) had **low capability**. Our capability measure includes adults who view their own financial capability as particularly low (14%) or those who have low capability in other relevant areas, such as having poor or non-existent digital skills (7%), low English language skills (1%) or learning difficulties (4%).

Our May 2022 survey captures five characteristics not covered in previous surveys: progressive health conditions, financial abuse, low emotional resilience, low English language skills, and learning impairments.

If we take out the new characteristics from our estimates, we can then compare 2022 results with measures from our previous survey. This shows that results were broadly similar: 47% (or 24.9m) of adults showed characteristics of vulnerability in May 2022, unchanged from 48% (or 25.1m) in February 2020.

By driver, the biggest changes between 2020 and 2022 were: the proportion of adults with low financial resilience which increased by almost 2 percentage points, while the proportion with low capability decreased by a similar amount.

Scope

In this chapter, we estimate the number of adults with characteristics of vulnerability in the UK, including how that number has changed since 2017 and 2020. We look at results for the four drivers that we have identified may increase the risk of vulnerability: health, life events, resilience and capability.

We explore some of the negative impacts that can occur due to poor health, a recent negative life event or low capability. In Chapter 4 (Financial resilience and the rising cost of living), we report in detail on low financial resilience.

Our definition of vulnerable consumers and measuring characteristics of vulnerability in Financial Lives

We define a vulnerable consumer as somebody who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.

Being in vulnerable circumstances may affect the way consumers engage with financial services. Vulnerable consumers may be much less able to represent their own interests; they may have different needs and they may be more prone to behavioural biases that affect their decision-making.

We think about vulnerability as a spectrum of risk. All consumers are at risk of becoming vulnerable (and hence at greater risk of harm), particularly if they display characteristics under one or more of our four drivers of vulnerability:

- **Health:** having poor health, ie health conditions or illnesses that reduces one's ability to carry out day-to-day activities a lot
- **Life events:** negative life events such as bereavement, job loss, or relationship breakdown
- **Resilience:** low ability to withstand financial or emotional shocks
- **Capability:** low knowledge of financial matters or low confidence in managing money (financial capability), and low capability in other relevant areas such as digital skills

Survey-based estimates of the number of UK adults with characteristics of vulnerability and updates to the 2022 survey

To report on vulnerability, we apply an algorithm to our survey results, to identify whether respondents display at least one characteristic of vulnerability across the four drivers. Each characteristic is in effect the answer to a survey question, such as 'Yes, I have very low confidence in managing my money'.

Our 2022 survey captures information on five characteristics of vulnerability not covered in previous Financial Lives surveys:

- Progressive health conditions: cancer, multiple sclerosis, or HIV infection (part of the *Health* driver)
- Economic control (or financial abuse) (part of the *Life events* driver)
- Low emotional resilience (part of the *Resilience* driver)
- Low English language skills (part of the *Capability* driver)
- Having one or more learning difficulties (those who say they definitely have dyslexia, dyscalculia or dyspraxia) (part of the *Capability* driver)

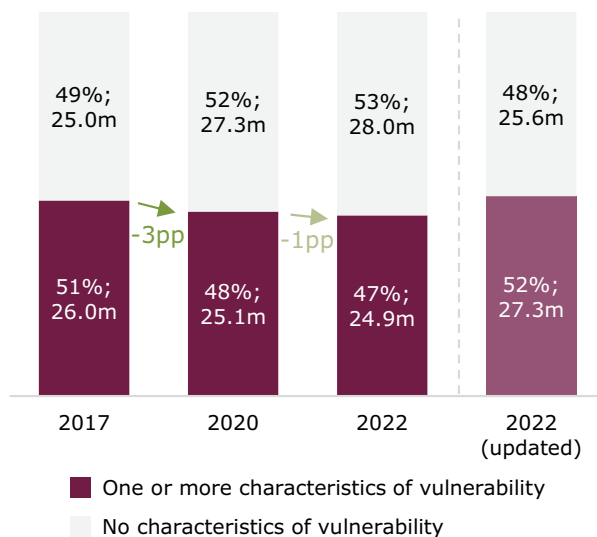
In this chapter, we report updated estimates for the proportion and number of adults who have one or more characteristics of vulnerability in 2022, taking into account these additional characteristics covered in the 2022 survey. We also report the 2022 results excluding these additional characteristics to enable us to produce time-series data and make direct comparison with results from previous surveys.

You can find out more about the vulnerability algorithm in Appendix B, including which characteristics mentioned in our [Finalised guidance](#) are included in the survey algorithm.

Adults who have characteristics of vulnerability

Figure 3.1 shows, in the final column, the proportion and number of adults displaying one or more of the characteristics of vulnerability covered by the Financial Lives survey algorithm in 2022. It also shows the results over time, excluding the five characteristics covered only in the 2022 survey.

Figure 3.1: Characteristics of vulnerability (2017/2020/ 2022/2022(updated))



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Summary of main vulnerability measures (v2/v4). **Note:** '2022 (updated)' results include the five characteristics covered only in the 2022 survey

In May 2022, 27.3 million adults showed one or more characteristics of vulnerability – over half (52%) of all UK adults.

Looking at the time-series data, we see that the proportion of adults with characteristics of vulnerability fell quite significantly between April 2017 and February 2020, driven primarily by a reduction in the number of older people who were digitally excluded.

Between February 2020 and May 2022, the number of consumers with characteristics of vulnerability fell slightly (from 25.1m to 24.9m), although this change is not statistically significant.

Vulnerability across different consumer groups

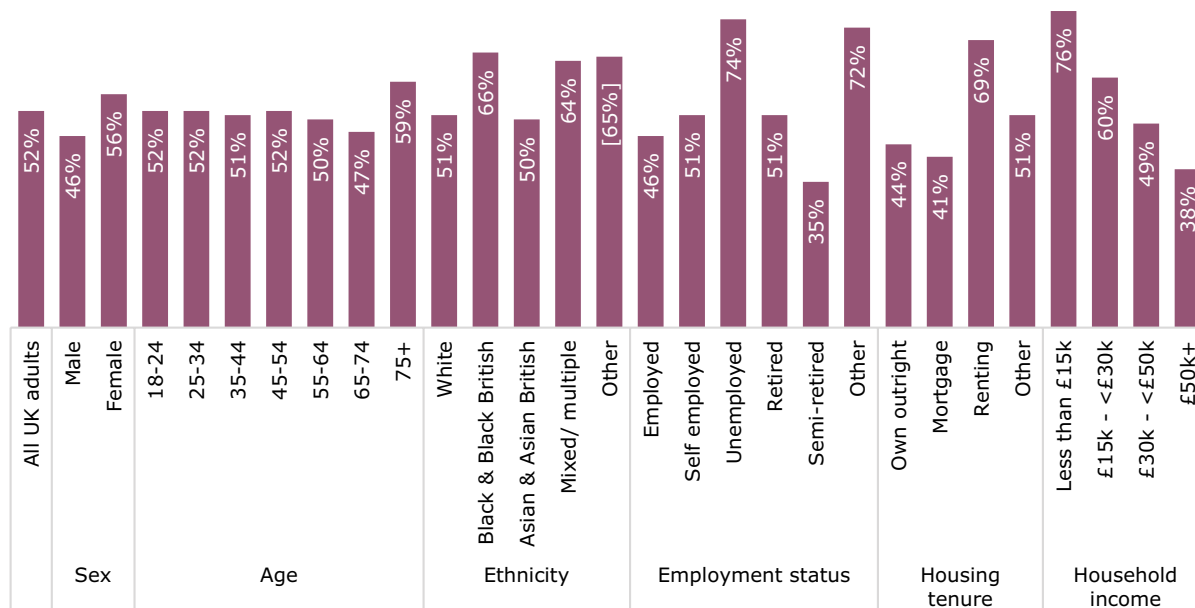
Figure 3.2 looks in detail at vulnerability for different demographic groups in May 2022, using our updated algorithm. It shows that certain demographic groups are far more likely to display characteristics of vulnerability than others.

This is particularly true for: those with a household income of less than £15,000 (76%), unemployed adults (74%), those with 'other' working status⁵ (72%), renters (69%), Black adults (66%) and those of mixed/multiple ethnicity (64%). These groups were also most likely to show characteristics of vulnerability in February 2020.

By sex, women (56%) were much more likely to have characteristics of vulnerability than men (46%). Women were almost twice as likely as men to have low financial capability (largely because more rated their own knowledge of financial matters or confidence in managing money as very low); were more likely to have low financial resilience (largely due to lower levels of savings), and were more likely to be in poor health (partly due to there being more women aged 85+ than men in the UK).

5 'Other' working status includes students, those who are long-term or temporarily sick, those who are looking after the home and carers.

Figure 3.2: One or more characteristics of vulnerability, across a variety of demographic segments (2022(updated))



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary (v4).

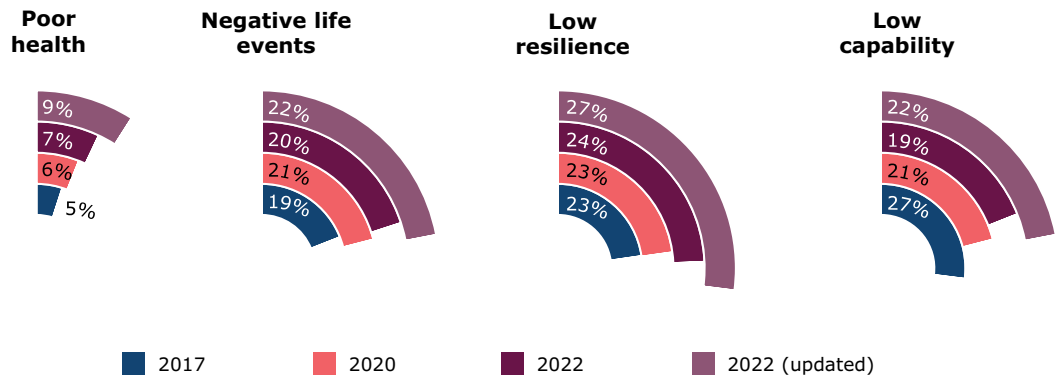
Vulnerability by driver of vulnerability

Figure 3.3 shows the proportion of adults displaying one or more of the characteristics of vulnerability under each of the four drivers. Again, we include both the updated 2022 results as well as the time-series data, which exclude the five characteristics only covered in the 2022 survey.

Looking first at the updated 2022 results, we see that over one-quarter (27%) of adults had characteristics of vulnerability involving low financial or emotional resilience. Over one-fifth (22%) had characteristics involving low capability, and the same proportion (22%) had recently experienced a negative life event (or their partner had), such as bereavement, job loss or relationship breakdown. One in ten (9%) were in poor health, or had cancer, multiple sclerosis, or HIV infection.

Looking at the time-series data, we see that the greatest change between 2020 and 2022 is in low resilience, which increased by almost two percentage points, and in low capability, which decreased by a similar amount.

Figure 3.3: The four drivers of vulnerability (2017/2020/2022/2022(updated))



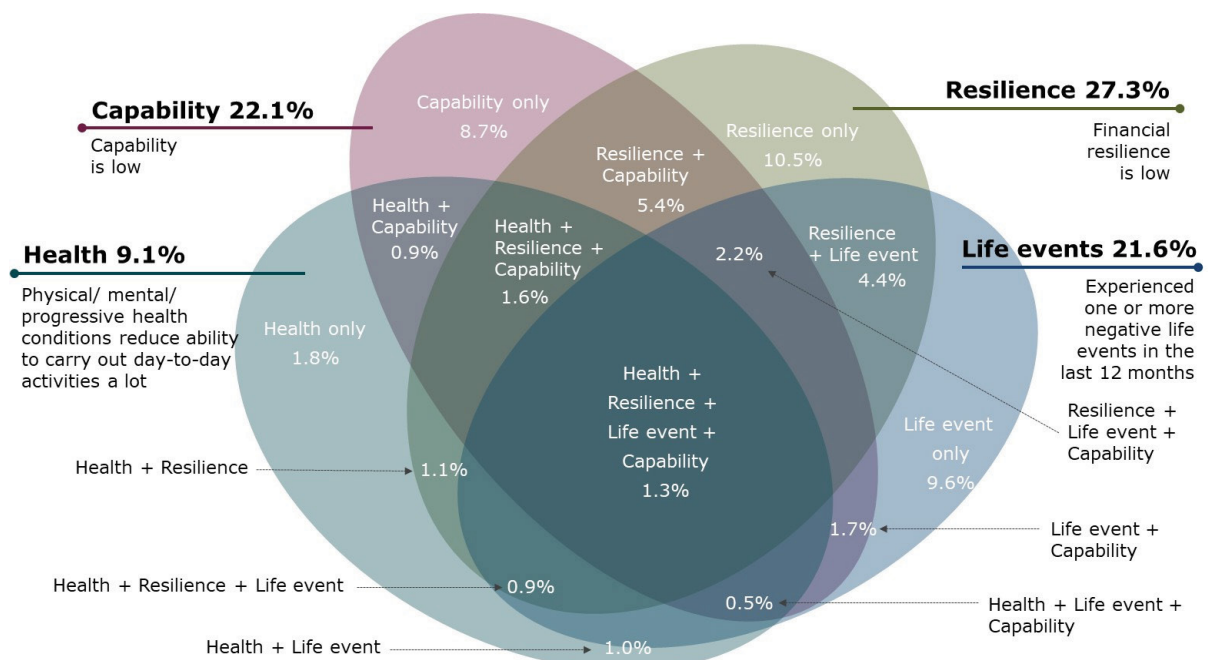
Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Summary of main vulnerability measures (v2/v4). **Note:** '2022 (updated)' results include the five characteristics covered only in the 2022 survey

Overlapping drivers of vulnerability

Adults can have multiple characteristics of vulnerability. In May 2022, of all UK adults, 31% showed characteristics under one driver, 14% showed characteristics under two drivers, 5% under three drivers, and 1% under four drivers – while 48% showed no such characteristics.

Figure 3.4 shows these results by individual driver. For example, of the 22% of adults who had experienced a negative life event in the 12 months to May 2022, over half (56%) also had characteristics of vulnerability to do with capability, health or resilience.

Figure 3.4: Proportion of adults who have characteristics of vulnerability–overlapping drivers of vulnerability (2022(updated))

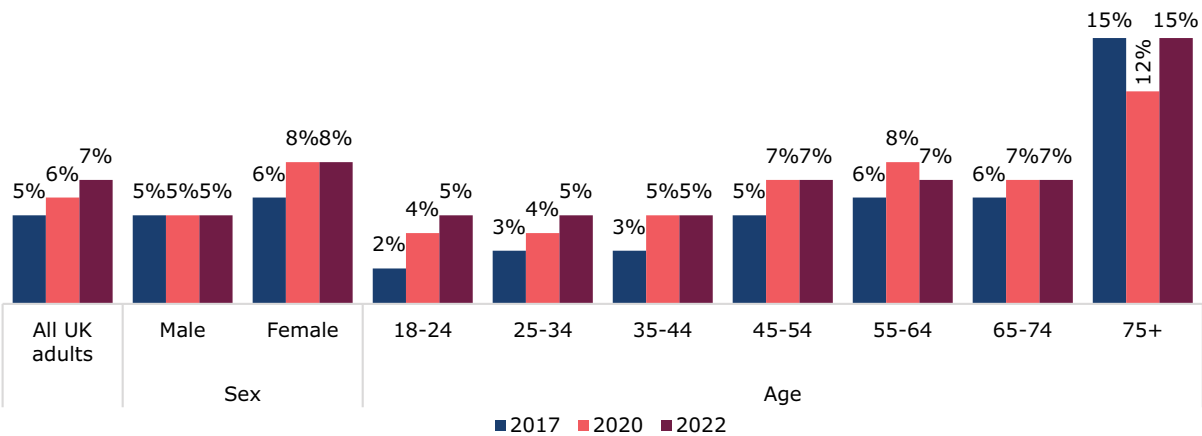


Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary v4 (intersections). **Note:** Shows the '2022 (updated)' results, which include the five characteristics covered only in the 2022 survey

Poor health

Looking now just at the time-series data (which exclude responses to the 2022 survey's new question about progressive health conditions – cancer, multiple sclerosis, or HIV infection), we estimate that 7% of the UK adult population were in poor health in 2022. This equates to 3.6 million people. The proportion of the population in poor health has worsened since February 2020 – up 1 percentage point, or 0.3 million, as shown in Figure 3.5.

Figure 3.5: Poor health, by sex and age (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Summary of main vulnerability measures (v2).

We define adults as being in 'poor health', if they report having a physical or mental health condition or illness that has a **substantial** and **long-term** adverse effect on their ability to carry out normal day-to-day activities.

We measure this through three survey questions:

1. Do you have any physical or mental health conditions or illnesses lasting or you expect to last for 12 months or more?
2. Do any of these condition(s) or illness(es) affect you in any of the following ways?
3. Do any of your conditions or illnesses reduce your ability to carry out day-to-day activities?

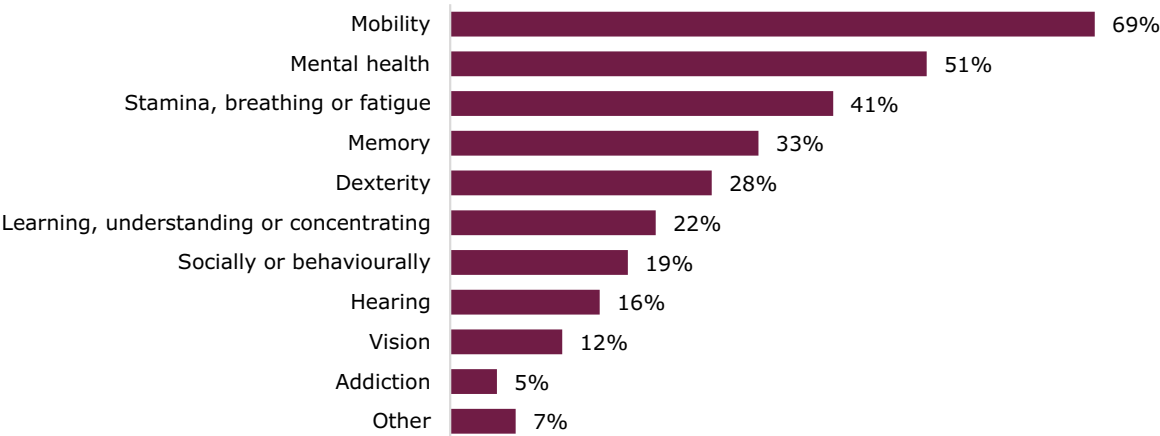
Respondents are considered to have poor health, if they say that 'yes' they have a condition/illness lasting or expected to last for 12 months or more, that their illness/condition affects them physically or affects their hearing, vision, mental health (including addiction), mental capacity or cognitive abilities, and that it impacts their ability to carry out day-to-day activities 'a lot'.

It is important to note that our figures could under-estimate the population in poor health because we rely on self-reporting. Respondents can choose not to answer. It is likely that those with more severe conditions are under-represented among survey respondents because it would be harder for them to take part.

Types of impairment reported by adults in poor health

Figure 3.6 shows the types of illness or condition reported by adults who have poor health. Results add to more than 100%, because many adults report more than one type of illness.

Figure 3.6: Types of illness/condition, for adults in poor health (2022)



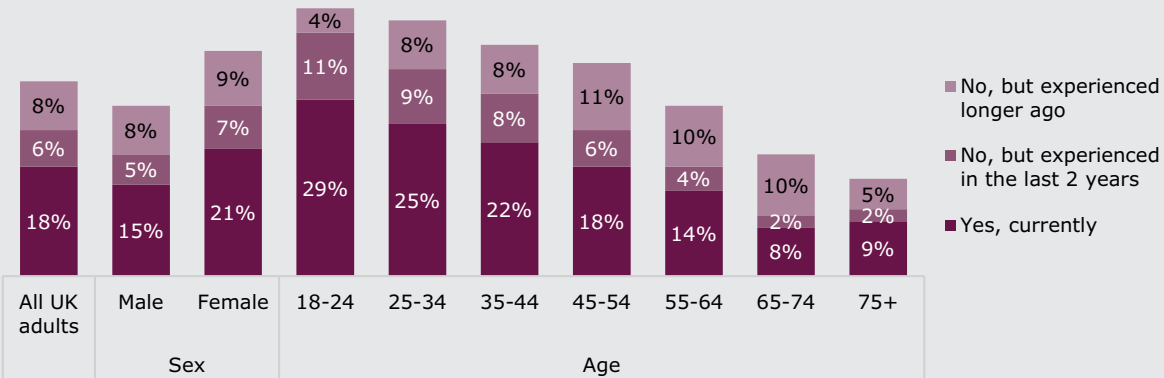
Source: FLS **Base:** All UK adults who are in poor health (2022: 1,054) **Question:** D34. Do any of these condition(s) or illness(es) affect you in any of the following ways?

Spotlight 3.1:

Mental health – 9.5 million adults reported a mental health condition in May 2022

In May 2022, 18% of adults had a mental health condition or illness – up from 13% in February 2020.⁶ As shown in Figure 3.7, this proportion increases to 29% for adults aged 18-24. A further 15% of adults in this age group had experienced a mental health problem in the past.

Figure 3.7: Mental health conditions, by sex and age (2022)



Source: FLS Base: All UK adults (2022: 19,145) excluding 'don't know' (4%) and 'prefer not to say' (7%) responses Question: D33aD34D35asum (Rebased). Summary of those with mental health conditions CAVEAT

Having a mental health condition can result in a range of difficulties when dealing with financial services. For example, of the 18% of adults (or 9.5 million people) who had a mental health condition or illness in May 2022, around a fifth to a quarter attributed the following issues to their health condition(s) or illness(es) (which may not have been limited to mental health conditions or illnesses):

- 26% said they struggled to cope managing their money
- 24% had put off dealing with financial matters (eg by ignoring warning letters or not opening correspondence)
- 18% had fallen into debt, because they did not want to deal with difficult financial situations

Adults with a mental health condition or illness had higher average unsecured debt levels than other adults (mean average of £2,930, excluding student loans, compared with £2,740 for all adults). They were also much more likely to be over-indebted (38% vs. 18% of all UK adults).

6 In this spotlight we are reporting on a population of UK adults who currently have a mental health condition or illness, regardless of whether they said this impacts their ability to carry out day-to-day activities. Later in this chapter (in Table 3.1) we report on a subset of this population, namely those who have a mental health condition or illness and are in poor health (ie their condition or illness has lasted or is expected to last for 12 months or more and it reduces their ability to carry out day-to-day activities a lot).

Story 3.1: Billy

Man with mental health problems is recognised as a vulnerable customer by his bank, but still gets no appropriate treatment from his mortgage provider

Billy is 52. He recently separated from his wife and is now living in the family home with his teenage children. The break-up took a heavy toll on his mental health. During this time, he felt completely unable to deal with his finances, and fell into arrears with his mortgage.

Billy is in the process of speaking to his lender to see if he can move to an interest-only mortgage. He thinks this will work well for him as he is expecting to take a large lump sum from his pension when he turns 55. He will use this to pay off the outstanding capital. However, he has faced a number of challenges communicating with his lender and feels they are not listening to him, nor taking into account his 'unique situation'.

Billy does not feel comfortable communicating by phone: he doesn't trust that any promises made over the phone will be honoured and believes that telephone advisers will try to 'trip him up'. He initially got in touch with his lender via letter, but after sending a number of letters to explain his situation, he was told that he had to speak with an adviser. Upon speaking to the telephone team, he again asked if he could communicate by letter from then on, but was told that this was not possible.



The other frustration was that we were having conversations initially and then I'd ring up again and I'd speak to someone else and they would say there's no record of that, or we didn't say that, all those kinds of things. And so, I would then ask to communicate by letter and they said, no, we can't do it by letter. It has to be on the phone. And you're kind of then stuck in a loop. Well, I don't want speak to you on the phone because I don't know if I can trust what you say.



During the process of speaking with the telephone team, his lender issued Billy with a repossession order in error. This placed him under enormous pressure and affected his mental health (the repossession order was subsequently cancelled, and his lender paid him compensation). In a subsequent conversation, Billy told his lender about his struggles with depression. His lender promised to refer him to a specialist department for vulnerable customers, but he had heard no more since the referral was mentioned some months ago. He feels very disappointed.



I feel really, really let down. A complete lack of support. A complete lack of empathy, and unprofessional... It's incredibly frustrating.



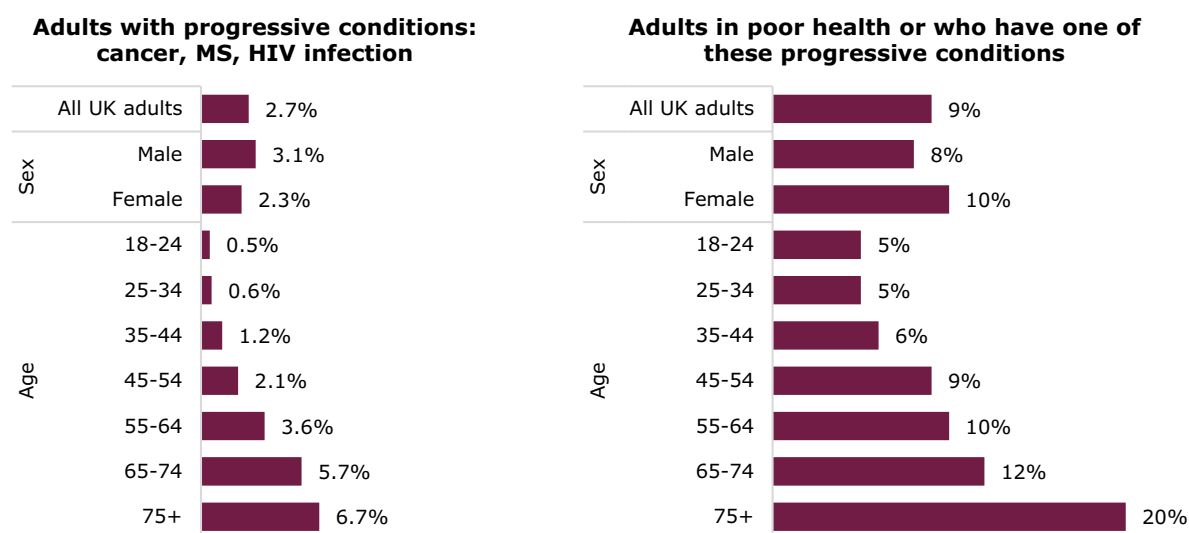
Adults with progressive health conditions

In the 2022 survey, we added a question about cancer, multiple sclerosis, and HIV infection. People with these progressive conditions automatically meet the disability definition under the [Equality Act 2010](#) from the day they are diagnosed, even if their condition does not currently have a substantial negative impact on their ability to carry out day-to-day activities.

In 2022, 2.7% of adults (1.4m) had one or more of these progressive conditions (cancer: 1.2m, multiple sclerosis: 0.2m, HIV infection: 0.1m). This means that in total 9% of adults (4.8m) were either in poor health or had one of these progressive conditions in May 2022, as shown in Figure 3.8.

Figure 3.8 also shows that the prevalence of having poor health or one of these progressive health conditions increases with age: in 2022, one in five (20%) adults aged 75+ were in this situation, compared with one in 20 (5%) adults aged 18-34.

Figure 3.8: Poor health or cancer, MS, or HIV infection, by sex and age (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary v4/Vulnerability. New additions to v4 algorithm

Measuring disability using the Government's approach

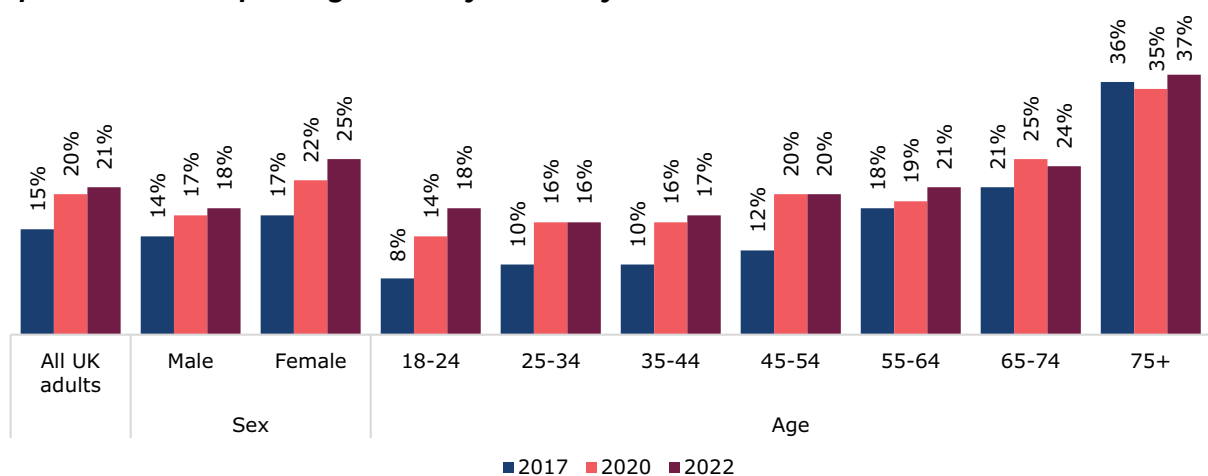
Using Financial Lives results, we can also report for a larger group of adults whom we identify as disabled when we use the Government's [harmonised standard questions](#) for capturing disability in surveys.

According to the harmonised standard approach, people are considered disabled, if they have a long-lasting physical or mental health condition or illness that restricts their ability to carry out day-to-day activities **to any degree** (it reduces their ability to carry out day-to-day activities 'a little' or 'a lot').

It differs from our measure of those in poor health in that we only include those who say their activity is restricted 'a lot'. Furthermore, the harmonised standard approach does not include a question on progressive conditions, so it excludes those adults with cancer, MS, or HIV infection where their condition does not currently have a negative impact on their ability to carry out day-to-day activities.

As shown in Figure 3.9, in May 2022, 21% of adults (11.1m) were disabled according to the Government's harmonised standard approach for capturing disability in surveys – up from 15% (7.7m) in 2017 and from 20% (10.4m) in 2020.

Figure 3.9: Disability, by sex and age, using the Government's harmonised standard questions for capturing disability in surveys (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Disabled according to GOV harmonised standard.

Readers interested in exploring this topic further should refer to our published data tables, where we report results for the 21% of adults who in May 2022 were disabled based on the harmonised standard questions.

Difficulties related to being in poor health or having cancer, MS, or HIV infection

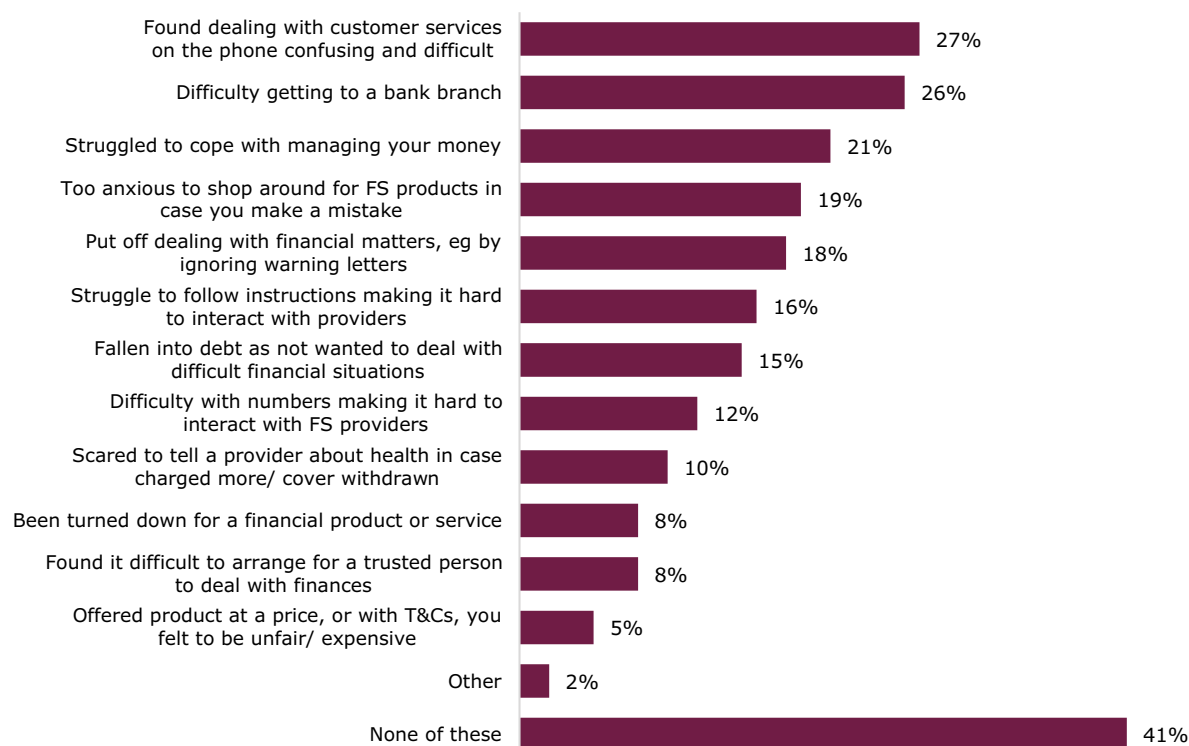
Well over half (59%) of adults in poor health or who have cancer, MS, or HIV infection told us they had experienced issues interacting with financial providers or with managing their finances, specifically due to their condition or illness.

Over one-quarter (27%) have had problems dealing with customer services over the phone, and almost as many have had difficulties getting to a bank branch (26%).

One in five said they are too anxious to shop around for financial products (19%) or have put off dealing with financial matters (18%). One in ten (10%) said they are frightened to tell providers about their illness.

These results are shown in Figure 3.10.

Figure 3.10: Difficulties when interacting with financial providers or dealing with their finances for adults in poor health or who have cancer, MS, or HIV infection (2022)



Source: FLS **Base:** All UK adults who in poor health or who have cancer, MS, or HIV infection (2022: 1,575) excluding 'don't know' (7%) and 'prefer not to say' (4%) responses **Question:** D35b (Rebased). For some people, their condition or illness can result in a range of issues when dealing with financial services. Have you experienced any of the following issues specifically due to your condition(s) or illness(es)?

Table 3.1 looks at these same results by the type of impairment reported by adults who are in poor health or who have cancer, MS, or HIV infection.

Those with social or behavioural difficulties (eg associated with a mental health condition or with a development disorder like autism or ADHD), cognitive difficulties, or poor mental health are the more likely to report that their condition/illness creates difficulties when interacting with financial providers or dealing with their finances.

For example, over half of the adults who report that their condition or illness affects them socially or behaviourally (53% or 0.3m) or affects their learning, understanding or concentrating (55% or 0.4m) found dealing with customer services on the phone confusing and difficult because of their condition. Around half struggled to cope managing their money because of their condition (57% or 0.4m and 45% or 0.3m, respectively) and around two in five were too anxious to shop around for financial products and services (42% or 0.3m and 40% or 0.3m, respectively).



Sometimes, I'll be doing something, and my mind will just stop. It won't focus on what I'm doing... That's one of the joys of having banking apps and paying by card. I've got more control over my finances. I've got a complete rundown on what I spent.

(Male, 60-74)



Around three in five adults with a hearing (64% or 0.4m) or visual (62% or 0.3m) impairment faced one or more of the difficulties we asked about because of their condition. The most common difficulties were finding it confusing or difficult dealing with customer services on the phone, or difficulty in getting to a bank branch.



I'm deaf. Speaking over the phone, it's always been a little bit difficult. If anybody rings on the landline, I can't answer it. I like to talk on the mobile and then I put it on speaker so my wife's always here if there's something I don't understand. Wherever possible I do try to do things online or email rather than speaking because I've always got a record of it there as well.

(Male, 60-74)



The majority of those whose condition or illness affects them physically (ie affecting their dexterity, mobility, stamina, breathing, or fatigue) faced one or more of the difficulties we asked about because of their condition. The most common difficulty reported for these adults was getting to a bank branch.

Table 3.1: Difficulties when interacting with financial providers or dealing with their finances, for adults in poor health or who have cancer, MS or HIV infection, by difficulty and types of impairment reported (2022)

	All adults	Socially, behaviourally	Learning, understanding, concentrating	Mental health	Memory	Dexterity	Mobility	Hearing	Stamina, breathing, fatigue	Vision	Cancer
Found dealing with customer services on the phone confusing and difficult	27%	53%	55%	39%	41%	36%	31%	36%	33%	32%	11%
Difficulty getting to a bank branch	26%	39%	45%	34%	35%	36%	35%	31%	31%	35%	9%
Struggled to cope with managing your money	21%	57%	45%	40%	35%	26%	23%	16%	23%	19%	5%
Too anxious to shop around for financial products or services in case you make a mistake	19%	42%	40%	34%	32%	23%	21%	16%	23%	18%	6%
Put off dealing with financial matters, eg by ignoring warning letters or not opening correspondence	18%	46%	31%	33%	28%	18%	17%	10%	18%	14%	5%
Struggled to follow instructions making it hard to interact with financial services providers	16%	35%	40%	27%	27%	16%	17%	19%	17%	14%	4%
Fallen into debt because you have not wanted to deal with difficult financial situations	15%	37%	26%	28%	20%	14%	15%	8%	14%	7%	4%
Difficulty understanding numbers making it hard to interact with financial services providers	12%	25%	34%	21%	22%	16%	14%	10%	11%	11%	3%
Frightened to tell a financial service provider about your illness or condition in case they withdraw insurance cover or charge you more	10%	23%	19%	17%	16%	10%	10%	10%	11%	8%	5%
Been turned down for a financial product or service	8%	20%	16%	14%	13%	9%	7%	5%	9%	5%	5%
Found it difficult to arrange for a trusted person, eg partner, family member or carer, to deal with your finances on your behalf	8%	22%	16%	14%	14%	9%	9%	5%	9%	12%	2%
Been offered a financial product or service at a price, or with terms and conditions, you felt to be unfair/expensive	5%	10%	10%	6%	9%	7%	5%	5%	7%	6%	2%
Other	2%	3%	2%	1%	3%	2%	2%	1%	2%	5%	1%
Any of these	59%	91%	83%	81%	76%	68%	65%	64%	63%	62%	30%

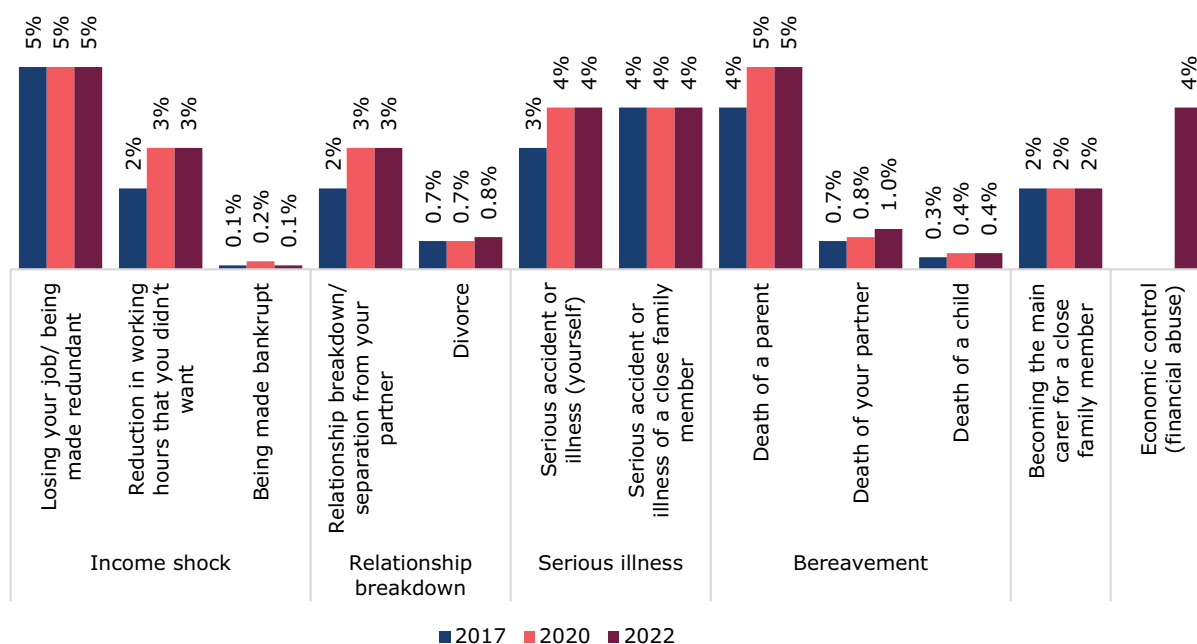
Source: FLS **Base:** All UK adults who are in poor health or who have cancer, MS, or HIV infection (2022: 1,575) excluding 'don't know' (7%) and 'prefer not to say' (4%) responses **Question:** D35b (Rebased). For some people, their condition or illness can result in a range of issues when dealing with financial services. Have you experienced any of the following issues specifically due to your condition(s) or illness(es)? **Note:** Too few responses for those with an addiction, MS or HIV infection to include in table as separate columns.

Negative life events

Over a fifth (22%) of adults, or 11.4 million people, had experienced a negative life event, such as bereavement, job loss or relationship breakdown (or their partner had), in the 12 months to May 2022, or they had experienced financial abuse by their partner or a family member in five years to that same date.

Figure 3.11 explores the driver of negative life events in more detail. It shows the proportion of adults (or their partners) who experienced a negative life event, such as an income shock, relationship breakdown, or bereavement in the year to May 2022, compared with the proportions reported in February 2020 and April 2017. Figure 3.11 also shows the proportion of adults who reported that they had experienced financial abuse by a partner or family member in the previous five years – a question that is new to the 2022 survey.

Figure 3.11: Negative life events in the last 12 months (the last five years for economic control) (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' (3%/2%/3%) and 'prefer not to say' (0%/4%/6%) responses **Question:** D21b (Rebased). Which of the following events have you or your partner experienced in the last 12 months?/D50 (Rebased). In the last 5 years which, if any, of the following have you experienced? **Note:** Economic control (or financial abuse) was not asked in the 2017 or 2020 surveys. The 2022 data excludes 6% of adults who 'preferred not to say'

Spotlight 3.2:

Economic control (or financial abuse) – 2.2 million adults reported they experienced financial abuse in the last five years

Financial abuse is a form of economic abuse reported to be present in the vast majority of cases of domestic abuse. The Crime Survey for England and Wales estimates 2.4 million adults (aged 16 or over) experienced domestic abuse for the year to March 2022.

In the Financial Lives 2022 survey we added a question about financial abuse by a partner or family member. As Figure 3.12 shows, 4.1% of adults reported that they had experienced some form of financial abuse in the last five years. This equates to 2.2 million adults.

The two most common forms of financial abuse reported were being burdened with paying all or most household bills, because a partner or family member refused to pay them (1.9%) and being kept short of money, denied access to a bank account and/or having their spending controlled (1.4%).

Figure 3.12: Experience of financial abuse in the last five years (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'prefer not to say' responses (6%) **Question:** D50 (Rebased). Financial abuse by a partner or family member is said to be common, but it is rarely talked about. Please help us to understand better how widespread it really is. In the last 5 years which, if any, of the following have you experienced?

5% of women and 3% of men reported experiencing financial abuse in the last five years. Our results suggest that victims are more likely to be aged 18-54, be in poor health, be on a low income, or be over-indebted.

0.4% of UK adults (0.2m) reported that they had tried to explain the financial abuse they were under to a financial services firm in the last five years and the firm was not understanding of their situation.

Difficulties related to a recent negative life event

Around one in four (23% or 2.3m) adults who experienced a negative life event in the 12 months to May 2022 felt that this resulted in problems when dealing with their finances or financial services, as shown in Figure 3.13.

Struggling to manage money (12% or 1.2m) and falling into debt (8% or 0.5m) are the most common difficulties reported by adults who have experienced a negative life event. These proportions increase to 19% (0.3m) and 12% (0.2m), respectively, among those going through a relationship breakdown, and to 18% (0.6m) and 11% (0.4m), respectively, among those who have experienced an income shock.

In fact, of all the life events asked about, relationship breakdowns appear to have the most potential to result in a negative financial impact, closely followed by an income shock.



We have quite a big mortgage. Since we split, my wife has stopped contributing to that. I've had to dip into a lot of savings. That's making it particularly tough. I have been missing bills.
(Male, 50-59)

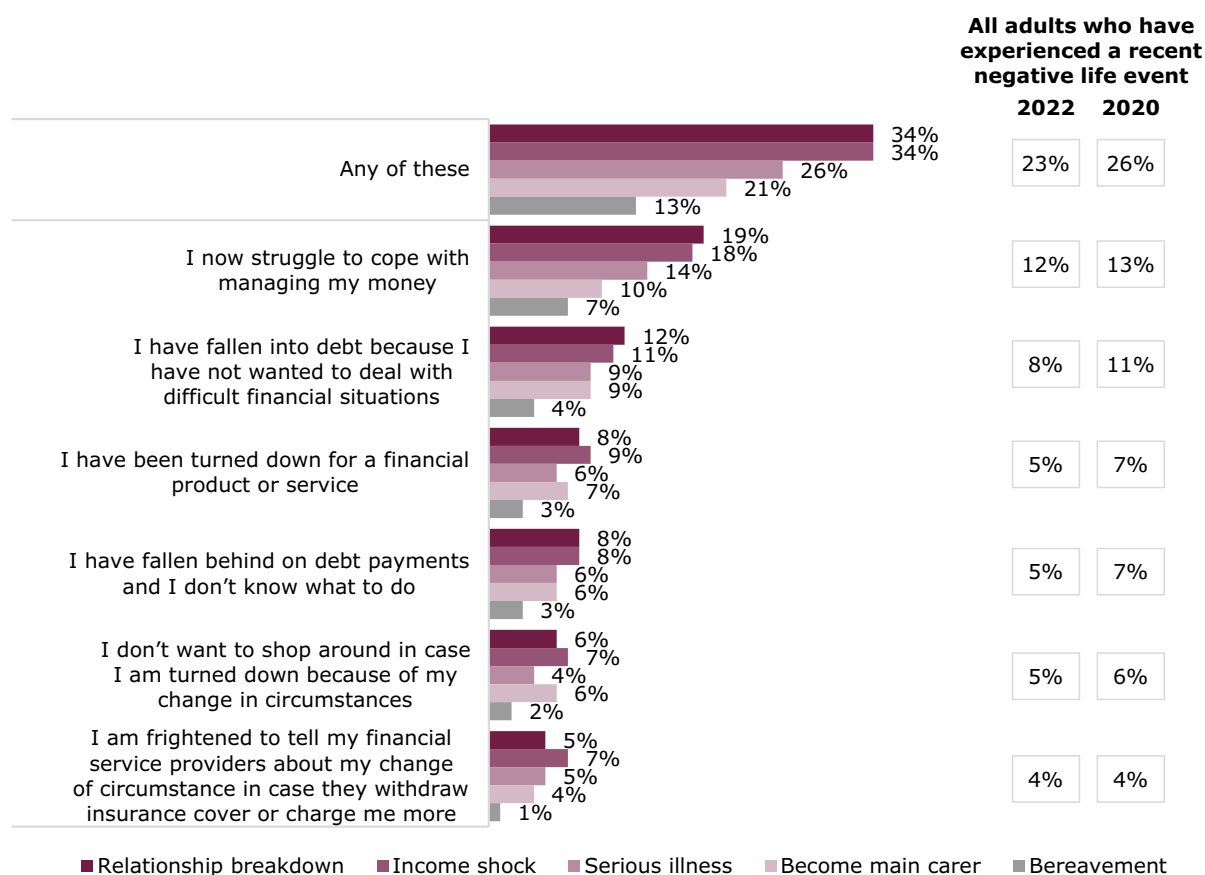


I didn't want to call my mortgage provider because of the change of jobs, because I've had to take a pay cut. That's a definite worry.
(Male, 50-59)



This question was not asked to those who have experienced economic control (or financial abuse).

Figure 3.13: Difficulties dealing with financial services for adults who experienced a recent negative life event, by types of negative life event experienced (2020/2022)



Source: FLS **Base:** All UK adults who have experienced a recent negative life event (2022: 3,631) excluding 'don't know' (6%) and 'prefer not to say' (3%/3%) responses **Question:** D21e (Rebased). For some people, dealing with difficult events can result in a range of issues when dealing with financial services, whilst for other people these issues have no detrimental impact. Do any of the following apply to you?

Low resilience

The vulnerability driver 'Resilience' covers both low financial resilience and low emotional resilience. A question about emotional resilience was added, for the first time, to the Financial Lives 2022 survey.

As we go on to explain, 24% of adults (or 12.9m people) had low financial resilience in May 2022, and 7% (3.8m) had low emotional resilience. In total, 27% of adults (or 14.5m) had one or both of these characteristics.

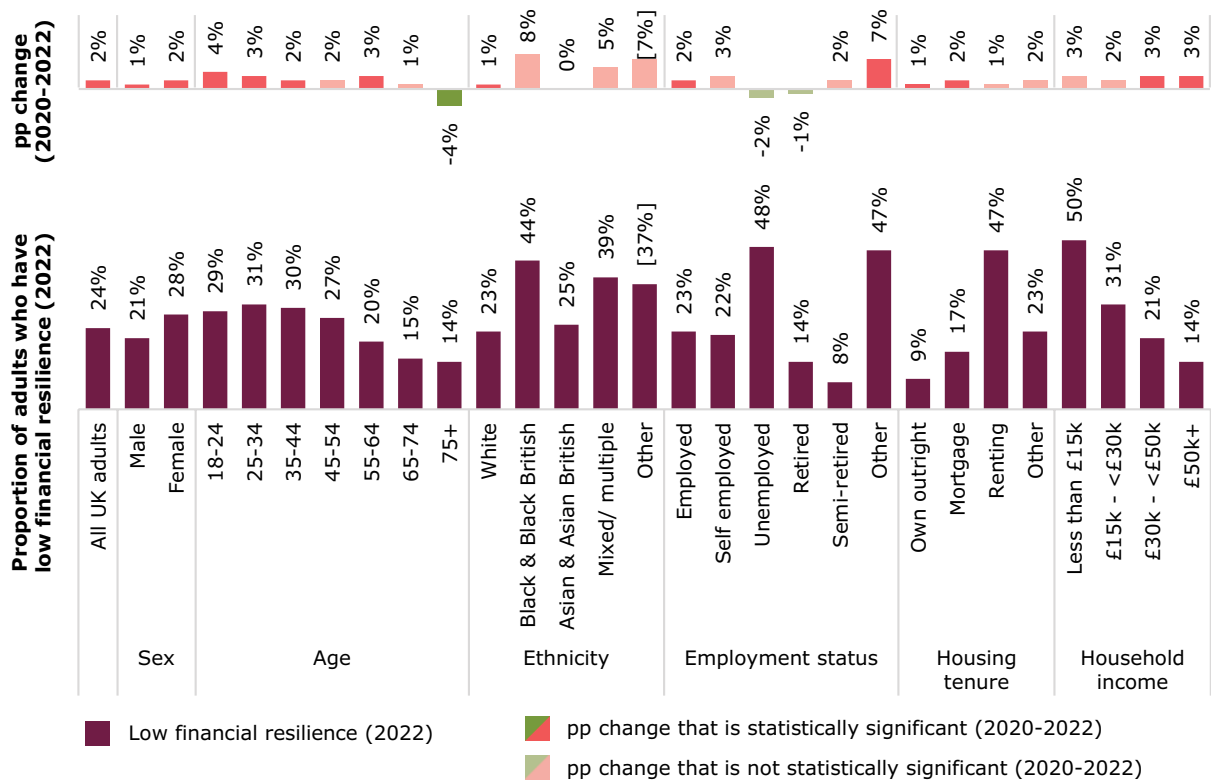
Low financial resilience

There was an increase in the proportion of adults with low financial resilience between February 2020 and May 2022 – from 23% of all UK adults (or 11.9m) in February 2020 to 24% (or 12.9m) in May 2022.

Adults are described as having low financial resilience if they have little capacity to withstand financial shocks. This could be because, for example, they do not think they would be able to withstand losing their main source of household income for even a week or are finding it to be a heavy burden keeping up with their domestic bills or credit commitments, or because they have already missed paying these bills in three or more of the last six months. So, our definition includes both those adults who are already in financial difficulty (because they are missing bills – so this is an objective measure) and those who could quickly find themselves in difficulty if they suffer a financial shock (a more subjective measure).

Figure 3.14 shows the proportion of adults with low financial resilience in May 2022 across a variety of demographic groups, and the percentage point change compared with February 2020. It highlights how some groups – those in low-income households (50%), renters (47%), and certain ethnic minorities (eg Black adults – 44%), for example – were much more likely to have low financial resilience than others. It also shows how financial resilience has worsened for most groups since February 2020.

Figure 3.14: Low financial resilience and percentage point change since 2020, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** Summary of main vulnerability measures (v2).

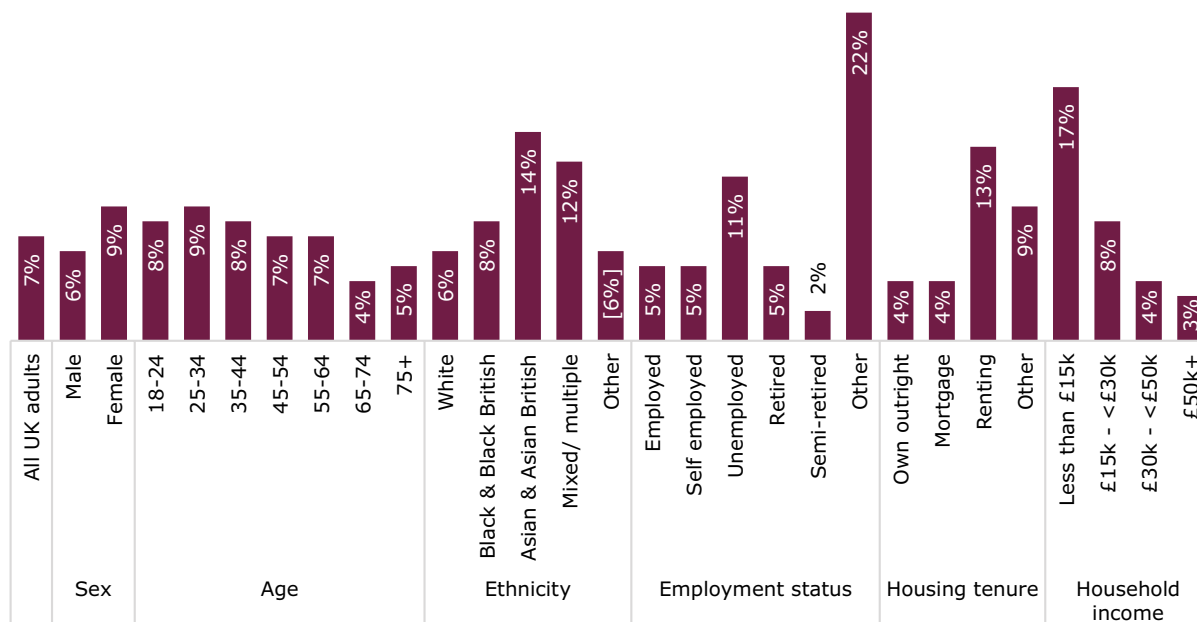
In Chapter 4 (Financial resilience and the rising cost of living), we report in more detail on low financial resilience.

Low emotional resilience

Low emotional resilience is a non-financial aspect of resilience that could increase the risk of consumer vulnerability. This is because low emotional resilience can make it more difficult for people to manage their finances or engage with providers. We have included a question on low emotional resilience in the 2022 survey, for the first time.

As shown in Figure 3.15, 7% of adults (3.8m) found it very difficult to recover from negative experiences. While emotional resilience increases with age, a significantly higher proportion of women (across all age groups) reported finding it difficult to recover from negative experiences, compared with men.

Figure 3.15: Finding it very difficult to recover from negative experiences, across a variety of demographic segments (2022)



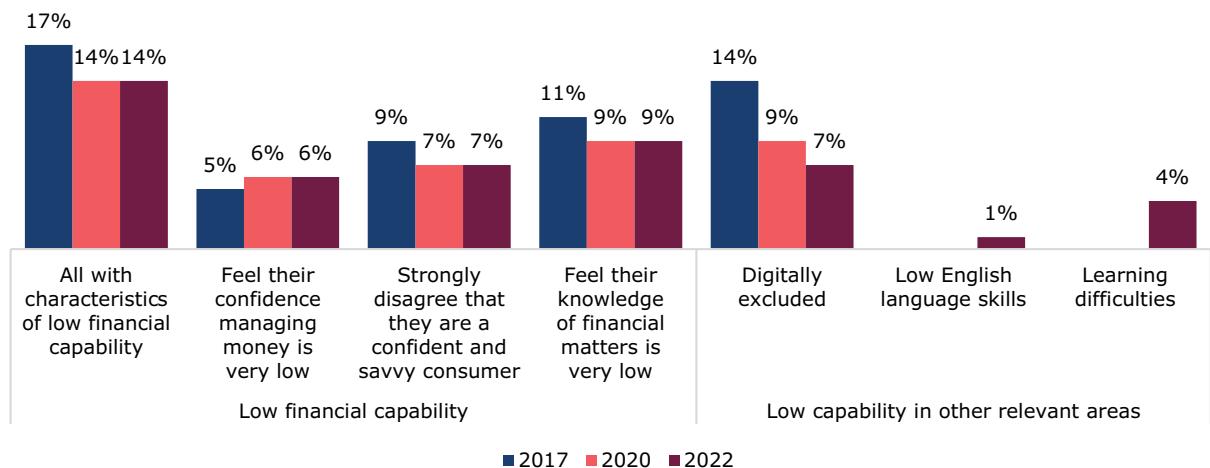
Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (9%) **Question:** D43 (Rebased).
In general, how easy or difficult do you find it to recover from negative experiences

Low capability

Our capability measure includes adults who view their own financial capability (their financial knowledge or confidence in managing financial matters) as particularly low or those who have low capability in other relevant areas, such as having poor or non-existent digital skills (the 'digitally excluded'), low English language skills or learning difficulties (definitely have dyslexia, dyscalculia or dyspraxia). In May 2022 22% of adults (11.7m) had low capability – this includes adults with low English skills and with learning difficulties (two characteristics of vulnerability captured for the first time in the 2022 survey).

Since 2017, there has been a notable reduction in the proportion of adults exhibiting characteristics of low capability (from 17% in 2017 to 14% in 2022) – this is largely due to a significant reduction in the number of older people who are digitally excluded, rather than a reduction in the proportion viewing their own financial capability as particularly low. This important distinction is shown in Figure 3.16.

Figure 3.16: Low financial capability or low capability in other relevant areas (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' and 'prefer not to say' responses (varies by question) **Question:** AT1a (Rebased)/AT5 (Rebased)/AT1c_c (Rebased)/DE_DV/D44D44asum/D35csum1 (Rebased). **Note:** Low English language skills and learning difficulties not asked in 2017/2020

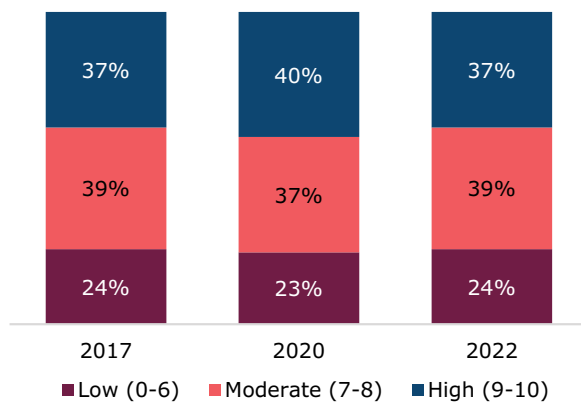
Low financial capability

We use three survey questions in the vulnerability algorithm to identify adults with low financial capability.

The first asks about their confidence in managing money. Those who rated their confidence as very low (they gave themselves a score of 0-3 on a 0-10 point scale, where 0 is 'not at all confident' and 10 is 'completely confident') are considered to have low financial capability. As we showed in Figure 3.16, 6% of adults felt this way in 2022.

Figure 3.17 shows the results to this question in more detail for all adults. In 2022, 37% of adults felt highly confident in managing their money, 39% felt moderately confident, and 24% had low levels of confidence (6% scored 0-3 and 18% scored 4-6). On balance, this is a slightly worse result than that recorded in 2020, before the Covid-19 pandemic.

Figure 3.17: Consumer confidence in managing their money (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (1%/1%/1%) **Question:** AT1a (Rebased). How confident do you feel managing your money?

Looking at these results by sex and age, we see confidence is marginally lower for women than men (27% of women had low levels of confidence, compared with 21% of men) and much lower for younger than older adults (37% of 18-24 year olds had low levels of confidence, compared with 19% of adults aged 55+).

Many adults who were in financial difficulty or over-indebted rated their confidence in managing money as low (61% and 52%, respectively). Around one in five rated their confidence as very low (21% and 16%, respectively).

The second question asks about self-rated confidence interacting with financial services and products. Adults who strongly disagree that they are a confident and savvy consumer are considered to have low financial capability.

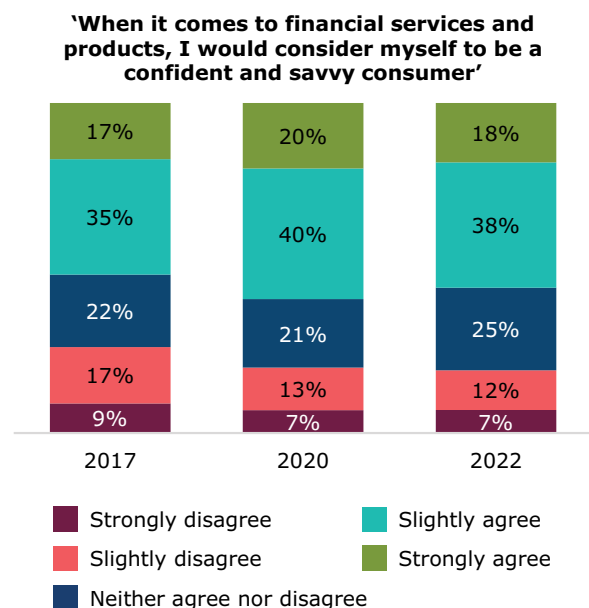
Figure 3.18 shows that most adults (57%) considered themselves to be 'confident and savvy' when it comes to financial services and products, but a minority (19%) did not. This sentiment has changed a little since 2020.

Looking at these results by sex and age, we see women were over two times more likely to strongly disagree that they are confident and savvy when it comes to financial services and products than men (10% vs. 4%, respectively). Adults aged 75+ were much more likely to strongly disagree than those aged 18-74 (15% vs. 6%, respectively).

Other groups, in 2022, most likely to lack confidence included those:

- with low emotional resilience (24% strongly disagreed)
- with low confidence in working with numbers (21%)
- without formal qualifications (17%)
- with a household income <£15,000 (15%)
- with a learning difficulty (14%)

Figure 3.18: Confident and savvy consumers of financial services (2017/2020/2022)

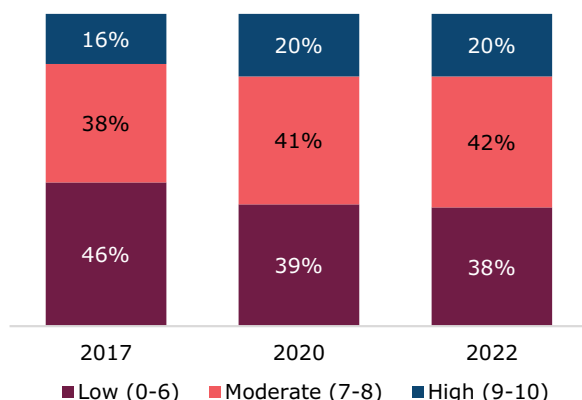


Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (2%/2%/3%) **Question:** AT1c_c (Rebased). How much do you agree or disagree with the following statement...?

The third question asks about self-rated knowledge about financial matters. Those who rated their knowledge as very low (they gave themselves a score of 0-3 on a 0-10 point scale, where 0 is 'not at all knowledgeable' and 10 is 'very knowledgeable') are considered to have low financial capability. As we showed in Figure 3.16, 9% of adults felt this way in 2022 – unchanged from 2020.

Figure 3.19 shows the results to this question in more detail for all adults.

Figure 3.19: Level of knowledge about financial matters (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (1%/1%/1%) **Question:** AT5 (Rebased). How knowledgeable would you say you are about financial matters?

In 2022, 20% of UK adults felt highly knowledgeable about financial matters, 42% felt moderately knowledgeable, and 38% had lower levels of knowledge (9% scored 0-3 and 29% scored 4-6). These results have not changed since 2020, but are slightly better than those recorded in 2017.

Women were more likely than men to rate their knowledge as low (44% vs. 32%, respectively).

Self-rated knowledge improves with age, but a significant number of adults in all age groups rated their knowledge as low. Low knowledge ranges from 54% of 18-24 year olds to 35% of adults aged 55+.

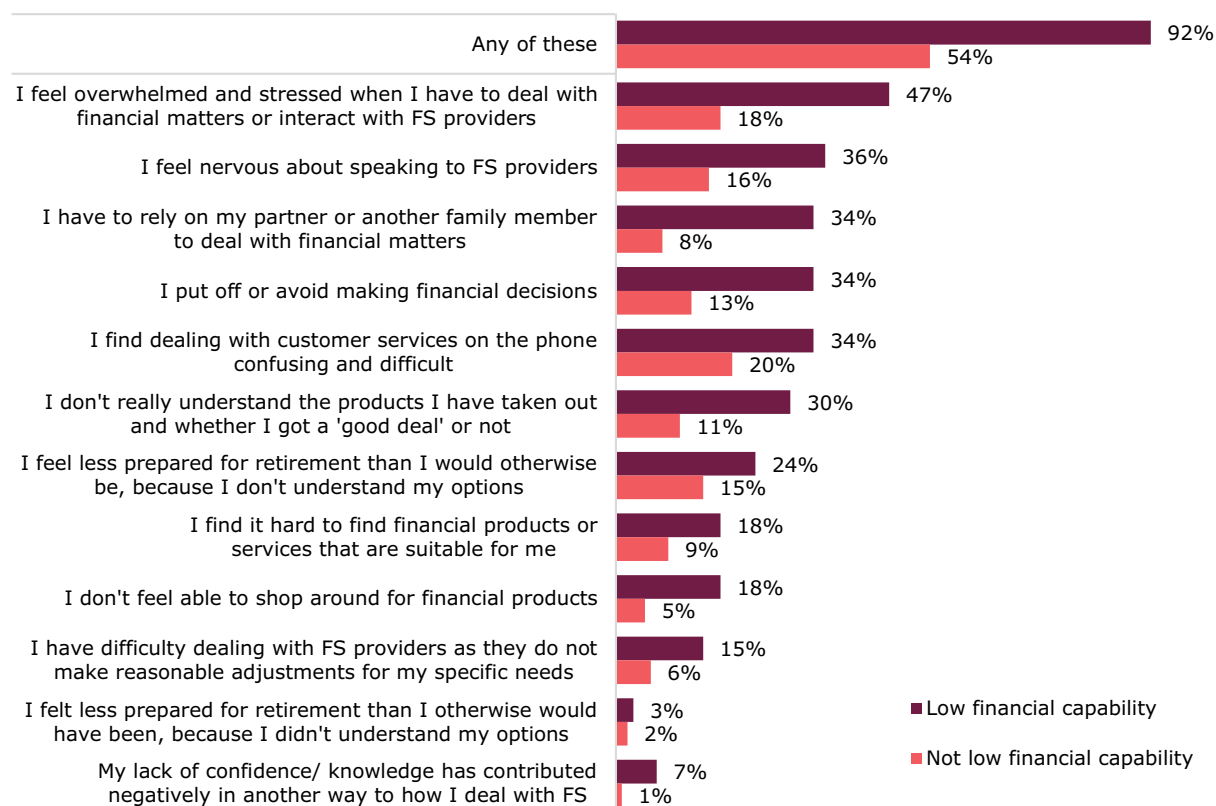
As these are self-rated scores, they should be treated with some caution, especially as there is a tendency for less-knowledgeable consumers to be over-confident when it comes to financial services, while some more knowledgeable consumers may doubt their own abilities.

Difficulties related to low financial capability

Figure 3.20 paints a very clear picture that low capability about money and financial matters has a significant negative impact on how adults feel about dealing with financial matters. Over nine in ten adults with low financial capability (92%) have felt one or more of the impacts the survey measured.

Adults with low financial capability admitted that they often feel overwhelmed, stressed or nervous speaking to financial services providers. This can have a direct impact on their financial wellbeing. They often put off making financial decisions and are less able to find suitable products, assess whether products represent good value or shop around for a better deal.

Figure 3.20: Difficulties faced with money and financial matters, by financial capability (2022)



Source: FLS **Base:** All UK adults who have low financial capability (2022: 2,122) and those who do not (2022: 17,023) excluding 'don't know' (7%/6%) and 'prefer not to say' (4%/4%) responses **Question:** D21f (Rebased). Earlier you mentioned not feeling particularly confident or knowledgeable about money and financial matters. Because of this, do any of the following apply to you?/Thinking about money and financial matters, do any of the following apply to you? **Note:** Question asked to all UK adults, but the question wording presented to those with low confidence or knowledge about money for financial matters was different from the wording for adults who do not have low confidence or knowledge

Digital exclusion

Digitally excluded adults are defined as those who never or very rarely use the internet, or those who use the internet occasionally (less than once a week), but rate their ability to use it as poor or bad.

In 2022, 7% of adults (3.9m) were digitally excluded – down from 9% (4.7m) in 2020 and 14% (6.9m) in 2017. Around three-quarters (73%) of adults who were digitally excluded in 2022 were aged 65+. Half (49%) were aged 75+.

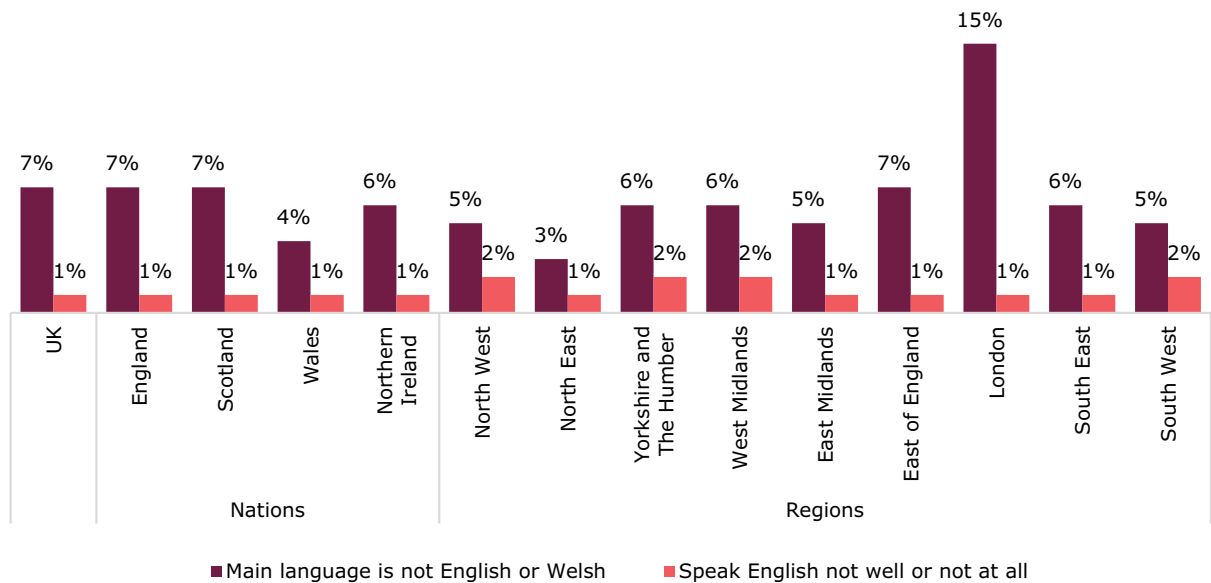
Please see Chapter 5 (Access and exclusion) for information on digital exclusion and financial exclusions more generally.

Adults with low English language skills

We asked about main language and proficiency in English for the first time in 2022.

English (or English or Welsh in Wales) was the main language for 93% (49.1m) of adults. For the 3.6 million adults whose first language is not English (or English or Welsh in Wales), 0.7 million could not speak English well or at all. These results are shown in Figure 3.21 by nation and English region.

Figure 3.21: Main language not English or Welsh, and not being able to speak English well or at all, by nation and English region (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** D44. What is your main language?/D44D44asum. Summary of first language and ability to speak English **Note:** Question on ability to speak English is only asked to those whose main language is not English or Welsh, but reported here rebased to all UK adults

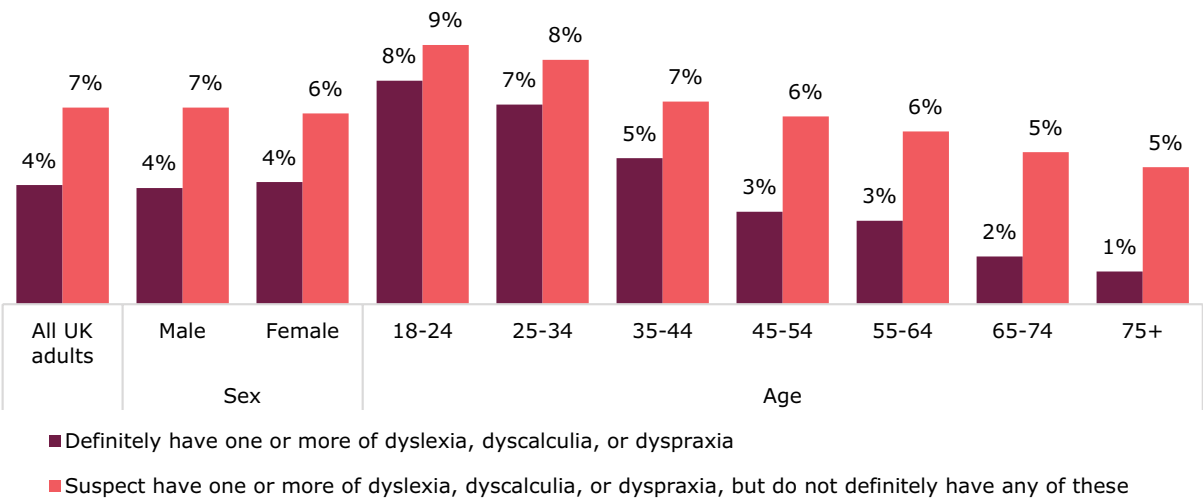
Adults with learning difficulties

We asked about learning difficulties in the 2022 survey, for the first time.

2.1 million adults (4% of UK adults) reported they definitely had dyslexia, dyscalculia or dyspraxia. As these learning difficulties are often undiagnosed, we also asked adults to say whether or not they suspect they have one or more of these learning difficulties. A further 7% (3.5m) suspected they do.

As Figure 3.22 shows, reporting of these learning difficulties is much higher among younger adults.

Figure 3.22: Dyslexia, dyscalculia or dyspraxia, by sex and age (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'prefer not to say' responses (6%) **Question:** D35csum1 (Rebased). Summary of dyslexia, dyscalculia, dyspraxia

A couple of our qualitative research respondents had been diagnosed with these conditions. In both cases, they reported that their specific learning differences affected their ability and confidence in dealing with financial matters.



I struggle with numbers. I've been checked for this condition. There's certain combinations which my mind struggles with. And especially if it's somebody's bank account and you are transferring money. When I'm sending money to someone's bank I just find myself checking and checking and then I have to do it when somebody's there and get them to double check it.
(Female, 40-49)



Story 3.2: Cameron

ADHD, learning difficulties and trouble dealing with financial services

Cameron is 20 and lives alone in a council flat. He works in catering, but the work is sporadic and he is currently out of work. He has dyslexia and ADHD. He suffers with anxiety and depression every day.

Cameron doesn't like to deal with financial services providers on the phone because he has problems communicating. He finds it difficult to make himself understood, often can't understand what firms are saying, and doesn't always remember what he's been told. He feels that call centre staff don't understand him, which makes him feel anxious and upset.

He uses online banking so that he does not have to talk to anyone. He tends to ignore letters and has a pile of unopened post in his hallway.

“

I usually feel lost on a day-to-day basis anyway, but it infuriates me talking to them [financial services call centres]. Sometimes it just sounds like they don't understand what I'm trying to explain. I know that might be how I'm trying to explain it. It infuriates me, and then it gets me upset.

”

Chapter 4

Financial resilience and the rising cost of living

Key facts and figures at May 2022 and January 2023: In January 2023, 10.9 million people found keeping up with their domestic bills and credit commitments a heavy burden (up from 7.8m in May 2022), and 5.6 million were in financial difficulty (up from 4.2m in May 2022).

May 2022 results

In May 2022, 12.9 million adults (24%) had low financial resilience. This was an increase of 1.0 million people compared with February 2020.

Adults are described as having low financial resilience, if they are in financial difficulty because they are missing domestic bills or credit commitments, or because they could quickly find themselves in difficulty as they are heavily burdened by their existing commitments or have very limited savings. In May 2022, of UK adults:

- 4.2 million (8%) were in **financial difficulty**
- 7.8 million (15%) found keeping up with their domestic bills or credit commitments to be a **heavy burden**
- 7.5 million (14%) had **low savings**

Demographic groups most likely to have had low financial resilience included: adults with a household income of less than £15,000 (50%), the unemployed (48%), renters (47%), those not working as they were studying, permanently sick, temporarily sick, looking after the home, or a carer (47%), and Black adults (44%).

Within England, there was a **notable North-South divide**, with the North East, North West, and Yorkshire and The Humber each having a greater proportion of adults with low financial resilience than the UK average. The South East and South West had far lower proportions of adults in this situation than these northern regions. There was also a strong link between financial resilience and **deprivation**. Adults living in the most deprived areas of the UK were over three times more likely to have low financial resilience than those living in the least deprived areas.

Looking in more detail at financial resilience in May 2022:

- 10% of adults (5.3m) had **missed a domestic bill or credit payment** in any of the last six months – 5% (2.8m) had missed a credit/loan or mortgage payment
- 8% of adults (4.4m) could only **cover their living expenses** for up to one week, if they lost their main source of household income. Half (50% or 26.7m) had the minimum recommended savings buffer of three or more months of living expenses

- 6% of adults with a mortgage or shared ownership, and 23% of adults who were renting, said they would **struggle with an increase in their monthly mortgage or rent payments of less than £50 per month**. In total, this equates to 4.2 million adults (or 8% of all UK adults)
- 6% of retirees (0.7m) strongly disagreed that they do not have **difficulty paying for day-to-day expenses since they retired**
- 15% of adults saw their **unsecured debt** levels increase in this period (10% by a bit and 4% by a lot), although, overall, average unsecured debt levels fell during this period (see Figure 2.8). Those aged 25-44; the employed or self-employed, and those who rent or have a mortgage had seen their debt levels increase the most
- 1.5 million adults (2.7%) had used a **debt advice or debt management service** in the 12 months to May 2022

January 2023 results

The **rising cost of living** in 2022 had a significant financial impact on the financial lives of many adults in the UK. In January 2023, 70% (37.1m) of adults had seen their financial situation worsen over the previous six months, as mirrored also in the following results:

- 71% (36.9m) either had **no disposable income** (15%) or had seen their **disposable income decrease** (56%) over the previous six months
- 29% (15.3m) had seen their **unsecured debt increase** over the previous six months
- 21% (10.9m) felt **heavily burdened** keeping up with their domestic bills and credit commitments
- 12% (6.6m) had **fallen behind or missed paying** one or more domestic bills or credit commitments in the previous six months

Most people (71%) were heating their home less, and most were cutting back on what they spent on food (56%), on travel by car (36%), and/or on other smaller (60%) or larger (41%) expenditure. One in eight (12%) had cut back to the point of missing some meals, as they could not afford them; 4% had used a foodbank.

We asked adults in January 2023 whether they had stopped saving, used their savings to cover day-to-day expenses, cut back on their pension contributions, cashed in a pension to cover daily expenses, or cancelled any insurance or protection policies to save money, as a direct result of the rising cost of living:

- 56% of UK adults had **stopped saving or investing**, lowered their saving amounts, or used their savings to meet their daily expenses
- 13% of policyholders had **cancelled or reduced the level of cover** on an insurance or protection policy to save money
- 6% of active pension scheme members had **stopped contributing to a pension** or reduced their contributions
- 6% of DC pension holders aged 55+ **had fully encashed their pension, or had taken out a lump sum**, to cover day-to-day expenses

Reflecting on their financial situation overall and the actions they had taken to spend less or to cut their outgoings, 36% (18.9m) of adults were **not coping financially** at all (3%) or were **finding it difficult to cope** (33%). We asked respondents to tell us what the rising cost of living meant to them, and this anecdotal evidence showed that many who described themselves as coping financially were making sacrifices.

Demographic groups most likely to be struggling with the rising cost of living in January 2023 included: the unemployed; adults with a household income of less than £15,000; minority ethnic group adults, and renters. In contrast, most retirees (85%) were coping financially, despite the rising cost of living. This was particularly true for retirees with DB pension income and for those with savings or investments to fall back on.

Over half (54%) of all UK adults reported **feeling increased levels of anxiety or stress** due to the cost of living. Just under three in ten (28%) reported losing sleep due to financial worries; a quarter (24%) reported struggling with their mental health, and 15% had had relationship problems because of their money worries.

Scope

In this chapter, we report on low financial resilience. The concept of low financial resilience was introduced in Chapter 3 (Consumers with characteristics of vulnerability).

In the first half of this chapter, we look at low financial resilience in May 2022. We explore some of the underlying characteristics of low financial resilience, such as low savings, being in financial difficulty, and being heavily burdened by domestic bills or credit commitments. We also look at the impact that debt has on people's lives, and at the use of debt advice services.

In the second half of this chapter, we explore how the rising cost of living has impacted the financial lives of many adults in the UK. To explore this topic, we share findings from our Financial Lives cost of living recontact survey and from qualitative research conducted with consumers in January and February 2023.

Financial resilience in May 2022

Low financial resilience

In May 2022, 24% of UK adults (12.9m) had low financial resilience. As Figure 4.1 shows, this was a deterioration on the 23% (11.9m) with low financial resilience in February 2020.

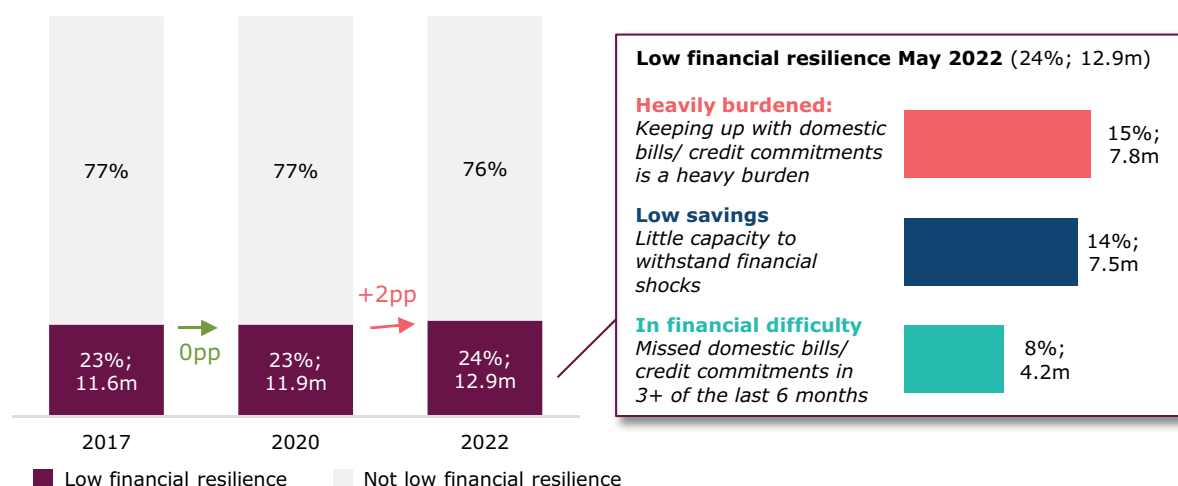
Adults are described as having low financial resilience if they fall into any of these groups:

- have **low savings**: they have little capacity to withstand financial shocks, because, for example, they could not withstand losing their main source of household income for even a week or, for those renting or paying a mortgage, it would be a struggle to meet payment increases of less than £50⁷
- are **in financial difficulty**: they have failed to pay domestic bills or meet credit commitments in three or more of the last six months – the three months do not need to be consecutive months
- are **heavily burdened**: keeping up with their domestic bills or credit commitments is a heavy burden

So, our definition includes both those adults who are already in financial difficulty because they are missing bills (so this is an objective measure) and those who could quickly find themselves in difficulty if they suffer a financial shock because they are heavily burdened by their existing commitments or have very limited savings (these are more subjective measures).

Figure 4.1 also shows that, in May 2022, 8% of adults (4.2m) were in financial difficulty, 15% of adults (7.8m) were heavily burdened by their domestic bills and credit commitments, and 14% (7.5m) had low savings.

Figure 4.1: Low financial resilience (2017/2020/2022)

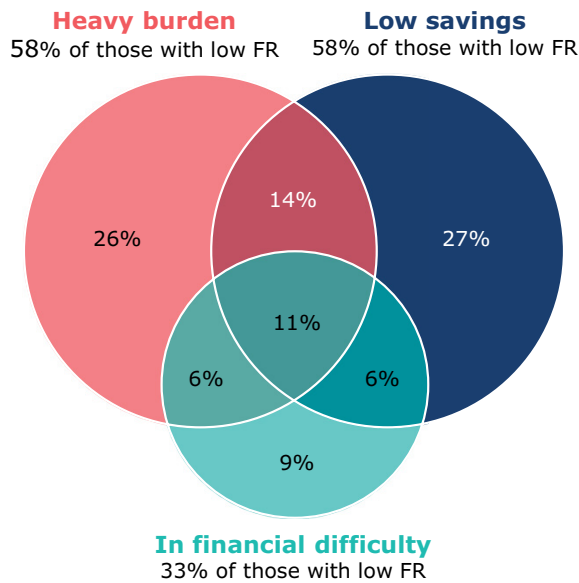


Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** Vulnerability summary v2./K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?/ Vul_resilience Characteristics of vulnerability (v2)/K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months? These 3 months don't necessarily have to be consecutive months. **Note:** Results for 'bills are a heavy burden' are rebased to exclude 'don't know' responses (5%)

There was quite a bit of overlap between these three characteristics of low financial resilience in May 2022, as shown in Figure 4.2.

⁷ A third group included in our definition of those with low savings (and hence having low financial resilience) are retirees who strongly disagree that they do not have difficulty paying for day-to-day expenses since they retired. We present detailed findings for this group at Figure 4.9.

Figure 4.2: Overlapping characteristics of low financial resilience (2022)



Source: FLS **Base:** All UK adults with low financial resilience (2022: 3,781) **Question:** Fin_res2. Summary of low financial resilience measures

For example, of the 12.9 million adults who had low financial resilience in May 2022, one-third (33% or 4.2m) were in financial difficulty. Unsurprisingly, most of these adults (23% out of the 33%) also reported that they found keeping up with domestic bills or credit commitments to be a heavy burden or that they had low savings.

Two-thirds (67% or 8.7m) of adults who had low financial resilience in May 2022 were not in financial difficulty: 41% had low savings, and 40% found keeping up with domestic bills or credit commitments to be a heavy burden (14% showed both characteristics).

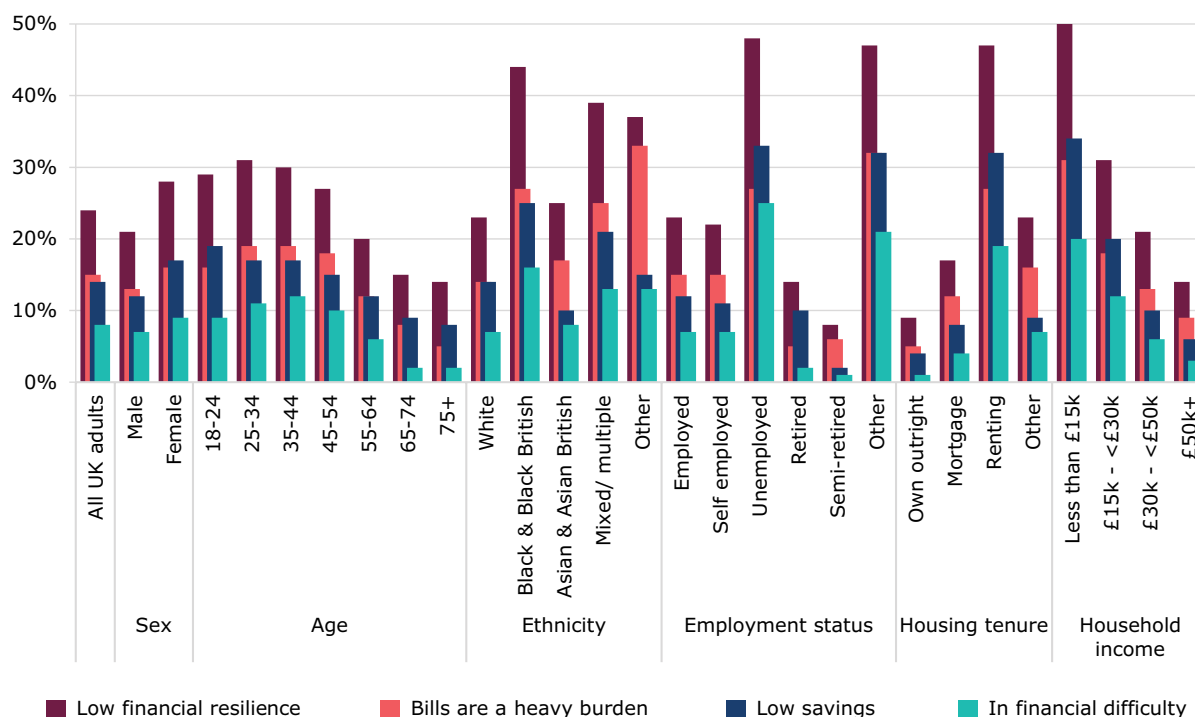
We explore each of these characteristics of low financial resilience in more detail later in this chapter.

Low financial resilience across different consumer groups

Figure 4.3 shows the proportion of adults who had low financial resilience in May 2022, across a variety of demographic segments. It also shows the characteristics which make up this measure: those heavily burdened keeping up with their domestic bills or credit commitments, those with low savings, and those in financial difficulty – again across a variety of demographic segments.

Supporting percentages are shown below the figure.

Figure 4.3: Low financial resilience, heavy burden keeping up with domestic bills or credit commitments, low savings, and in financial difficulty, across a variety of demographic segments (2022)



%	24	21	28	29	31	30	27	20	15	14	23	44	25	39	[37]	23	22	48	14	8	47	9	17	47	23	50	31	21	14
%	15	13	16	16	19	19	18	12	8	5	14	27	17	25	[33]	15	15	27	5	6	32	5	12	27	16	31	18	13	9
%	14	12	17	19	17	17	15	12	9	8	14	25	10	21	[15]	12	11	33	10	2	32	4	8	32	9	34	20	10	6
%	8	7	9	9	11	12	10	6	2	2	7	16	8	13	[13]	7	7	25	2	1	21	1	4	19	7	20	12	6	3

Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary v2./K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?/Vul_resilience Characteristics of vulnerability (v2)/K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months? These 3 months don't necessarily have to be consecutive months. **Note:** Results for 'bills are a heavy burden' are rebased to exclude 'don't know' responses (5%)

In May 2022, certain demographic groups were far more likely to have low financial resilience than others. Those most likely to have low financial resilience included: adults with a household income of less than £15,000 a year (50%), unemployed adults (48%), renters (47%), adults with 'other' working status (ie those not working because they were a student, permanently sick, temporarily sick, looking after the home, or a carer) (47%), and Black adults (44%).

Exploring the results in Figure 4.3 in more detail, we also see that women were more likely to have low financial resilience than men in May 2022 (28% vs. 21% respectively). Women were also more likely than men to feel heavily burdened by their domestic bills or credit commitments (16% vs. 13%, respectively) and to have low savings (17% vs. 12%, respectively). They were also marginally more likely than men to be in financial difficulty (9% vs. 7%, respectively).

These differences are also evident when we compare levels of investible assets between women and men. As detailed in Chapter 2 (Product holdings, assets and debts), excluding those who don't know or prefer not to say, one in ten (11%) women had no investible assets whatsoever in May 2022, and a further one in four (23%) had just £1 to £1,000 (vs. 8% and 17% for men, respectively). This gender disparity is evident too in our income data. Excluding those who don't know or prefer not to say, 37% of women said they had a personal income of less than £15,000 a year, compared with 22% of men. Just 15% of women had a personal income of £50,000 or more, compared with 25% of men.

Looking at working status, just 14% (1.7m) of retired adults had low financial resilience in May 2022, compared with 28% (11.2m) of non-retired adults. Just 2% (0.2m) of retired adults were in financial difficulty, compared with 10% (4.0m) of adults who were not retired. Retired adults most likely to have had low financial resilience in May 2022 included those who were renting (43%), those with a household income of less than £15,000 per year (31%), those in poor health (31%), and those not living in a couple (24%).

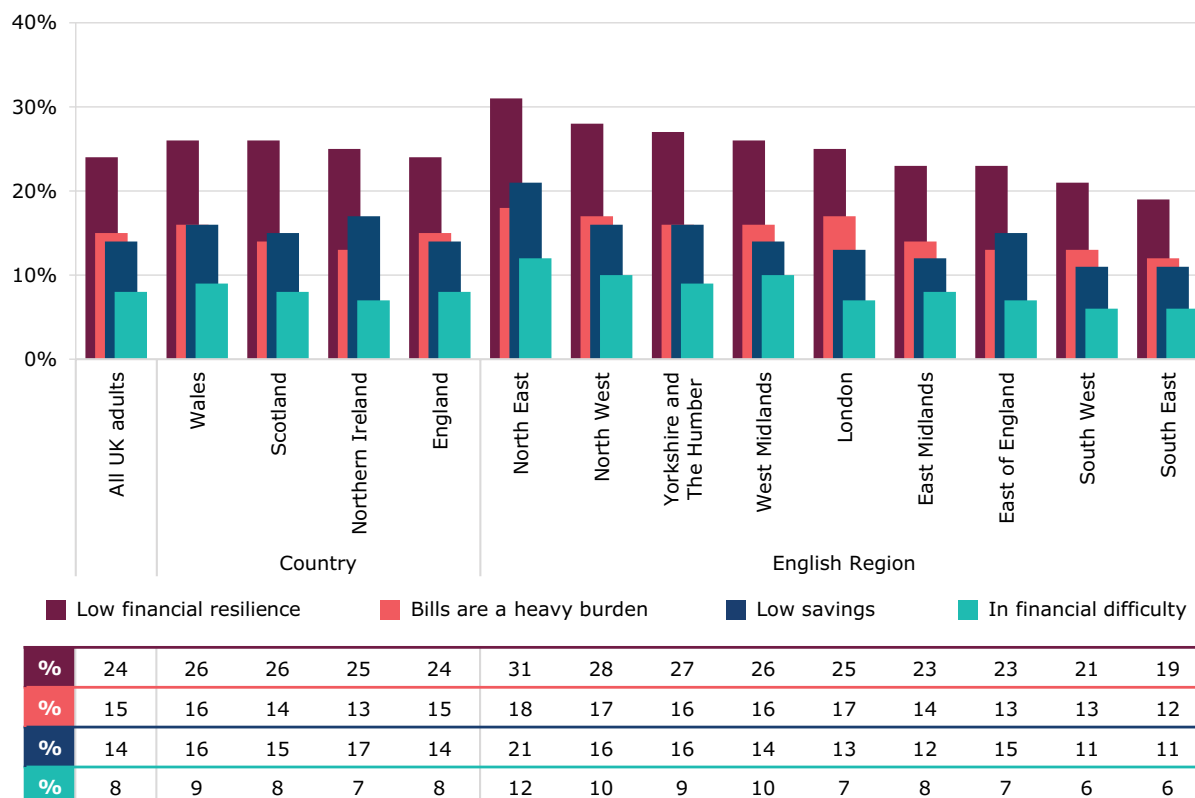
Among non-retired adults, unemployed adults (48%) and those not working because they were a student, permanently sick, temporarily sick, looking after the home or a carer (47%) were far more likely to have low financial resilience than those working for an employer (23%) or who were self-employed (22%). Part-time workers (30%) and those working in the gig economy (37%) were also more likely to have low financial resilience.

Low financial resilience by nation and English region

In May 2022, there were no statistically significant differences in the proportions of adults with low financial resilience by nation (Wales: 26%, Scotland: 26%, Northern Ireland: 25%, England: 24%), nor in the proportions of adults who had characteristics which make up this measure: those heavily burdened keeping up with their domestic bills or credit commitments, those with low savings, and those in financial difficulty.

Within England, however, there was a notable North-South divide, as shown in Figure 4.4. For example, the North East, North West, and Yorkshire and The Humber each had a greater proportion of adults with low financial resilience (31%, 28%, and 27%, respectively) than the UK average of 24%. They also each had a greater proportion of adults in financial difficulty (12%, 10%, and 9%, respectively) than the UK average of 8%. In contrast, the South East and South West had far lower proportions of adults with low financial resilience (19% and 21%) or in financial difficulty (6% and 6%) than these northern regions.

Figure 4.4: Low financial resilience, heavy burden keeping up with domestic bills or credit commitments, low savings, and in financial difficulty, by nation and English Region (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary v2./K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?/Vu_resilience Characteristics of vulnerability (v2)/K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months? These 3 months don't necessarily have to be consecutive months. **Note:** Results for 'bills are a heavy burden' are rebased to exclude 'don't know' responses (5%)

As Table 4.1 shows, this North-South trend also plays out when looking at large counties and groups of smaller counties in England, and approximately similar areas in the other UK countries – as defined by the International Territorial Levels (ITLs), a classification framework for referencing regional areas of the UK for statistical purposes. Six of the eight areas of the UK with a higher proportion of adults with low financial resilience than the UK average were areas in the north of England. Seven of the nine areas with fewer adults than the UK average were areas in the south of England. The results for all the other 24 ITL level 2 areas around the UK are close to the UK average and not statistically significantly different from it.

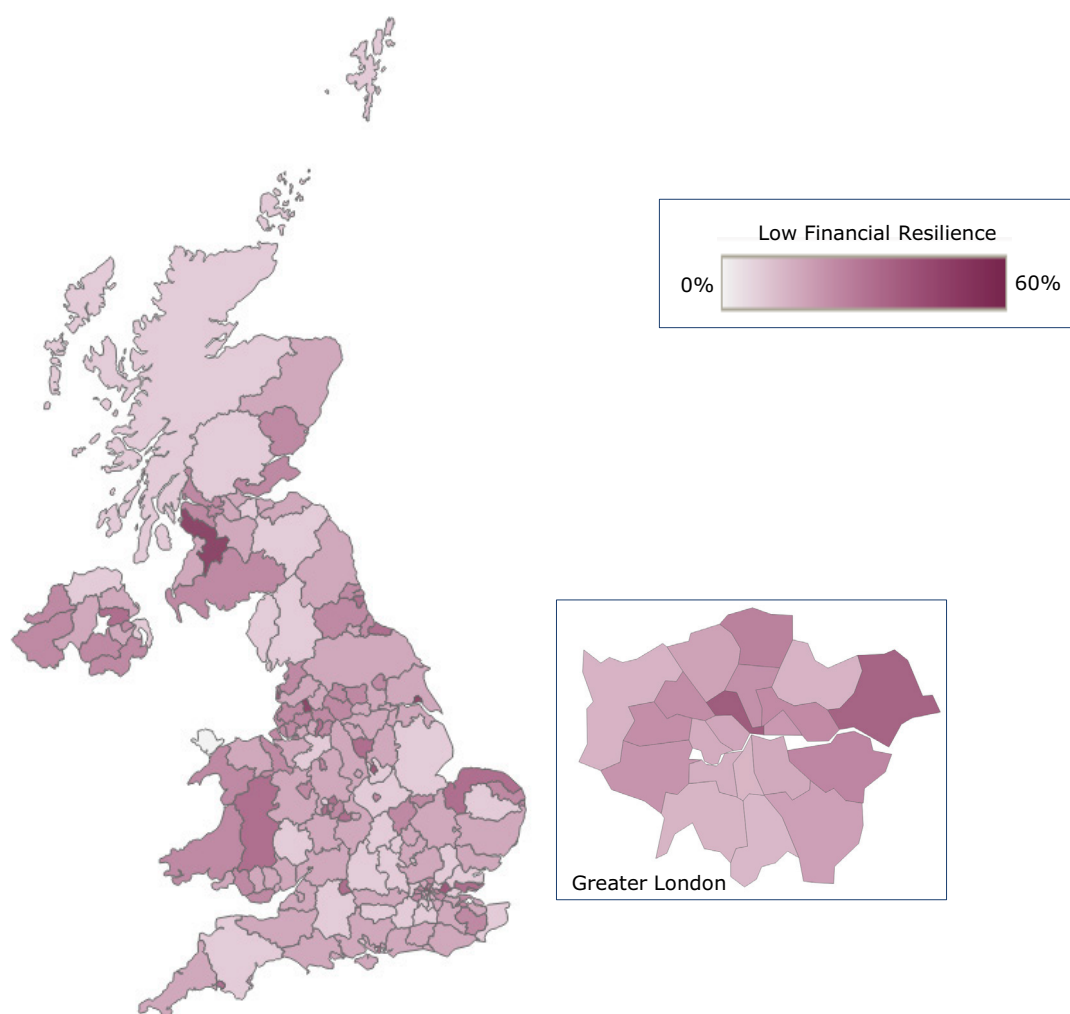
Table 4.1: Areas of the UK with above or below average proportions of adults with low financial resilience, at an ITL 2 level (2022)

		Low financial resilience
More than the UK average	East Yorkshire & Northern Lincolnshire	34%
	Tees Valley & Durham	31%
	Northumberland & Tyne and Wear	31%
	Southern Scotland	31%
	Greater Manchester	30%
	Lancashire	30%
	Merseyside	30%
	Derbyshire & Nottinghamshire	27%
UK average		24%
Less than the UK average	Gloucestershire, Wiltshire & Bath/ Bristol area	21%
	Bedfordshire & Hertfordshire	20%
	Hampshire & Isle of Wight	20%
	Dorset & Somerset	20%
	Berkshire, Buckinghamshire & Oxfordshire	19%
	Outer London – South	18%
	Surrey, East and West Sussex	18%
	Highlands and Islands	17%
	Cumbria	14%

Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** Vulnerability summary v2. **Note:** Geographic areas based on the International Territorial Levels (ITL) level 2 boundaries. ITLs are the UK's replacement to the Eurostat geographical classification, the Nomenclature des Unités territoriales statistiques (NUTS) and have been established as a mirror to the previous NUTS system used by the UK.

Figure 4.5 shows, at a ITL 3 level (small counties, cities or unitary authorities), the proportion of adults who had low financial resilience in May 2022. Kingston upon Hull had the highest proportion with low financial resilience (60%), followed by East Ayrshire and the North Ayrshire mainland (55%). The lowest proportions were found in Inverness and Nairn and Moray, Badenoch and Strathspey (9%) and Southampton (10%). The map emphasises that, while the results vary substantially across regions, they also vary substantially within region.

Figure 4.5: Low financial resilience, at an ITL 3 level (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** Vulnerability summary v2. **Notes:** The areas of the map are based on ITL 3. Base sizes for each area are at least 30, with a few exceptions. The base sizes of the 4 areas of Caithness and Sutherland and Ross and Cromarty (27), Eilean Siar (Western Isles) (9), Orkney Islands (10) and the Shetland Islands (4) were under 30; in mapping, these areas have been combined with the neighbouring areas of Inverness and Nairn and Moray, Badenoch and Strathspey (66) and Lochaber, Skye and Lochalsh, Arran and Cumbrae and Argyll and Bute (30) – together they form the ITL 2 area of Highlands and Islands which is the area we have mapped. Two other areas also have low bases: Thurrock (22) and Falkirk (23); in these cases, we have mapped each area's results – they should be treated with care.

Low financial resilience by the Indices of Multiple Deprivation (IMD)

Unsurprisingly, there was a strong link between financial resilience and deprivation.

In May 2022, adults living in the most deprived areas of the UK were over three times more likely to have low financial resilience than those living in the least deprived areas (42% vs. 13%, respectively) and were almost seven times more likely to be in financial difficulty (20% vs. 3%, respectively).

To report on deprivation, we use the Indices of Multiple Deprivation (IMD). This is an official measure of relative deprivation which ranks every small area (technically referred to as Lower Super Output Areas) from least deprived to most deprived. By most deprived areas we mean the lowest decile of areas (IMD 1). By least deprived areas, we

mean the highest decile of areas (IMD 10). Readers, who are interested in reviewing any of our 2022 results by IMD, should refer to the data tables published with this report.

Comparison of the financial situations of adults with low financial resilience and those who do not have low financial resilience

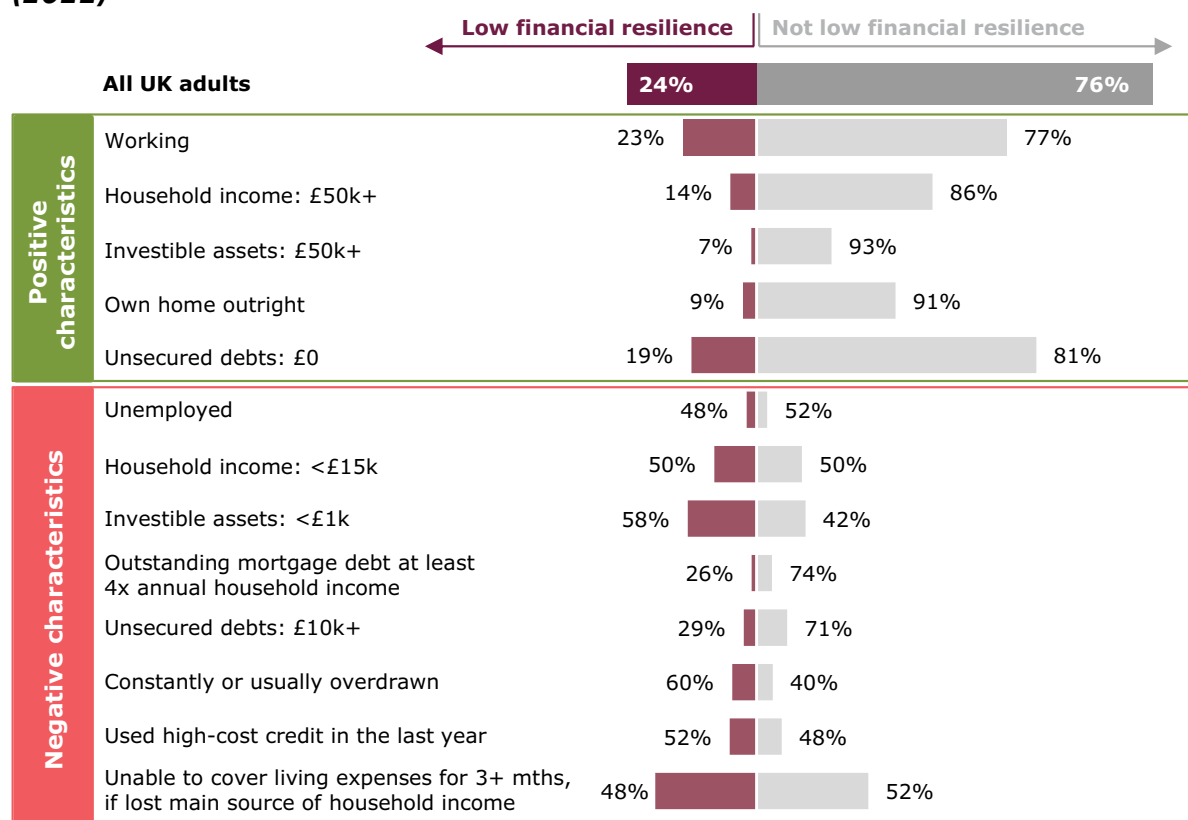
Figure 4.6 explores the financial situation (broadly organised into positive and negative financial characteristics) of adults with low financial resilience in May 2022 and of those who do not have low financial resilience.

Bar length in the chart indicates the size of the population, eg three-fifths of adults were working in May 2022, so the 'working' bar is three-fifths the length of the 'all UK adults' bar. We see, for example, that:

- of the relatively small population of those unemployed, roughly half (48%) had low financial resilience and roughly half (52%) did not
- of the larger population of working adults, 23% had low financial resilience and 77% did not

The key takeaway here is that having or not having low financial resilience is not always obvious. Some adults, for example, may not be in a strong financial position, such as having low household income or having unsecured debts of at least £10,000, yet they do not meet our definition of having low financial resilience. However, if finances are stretched further – as happened throughout the rest of 2022 – it is not that surprising that another 1.0 million people by January 2023 did then meet our definition of having low financial resilience.

Figure 4.6: Positive and negative financial characteristics, by financial resilience (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Note:** The length of each bar represents the size of the given population.

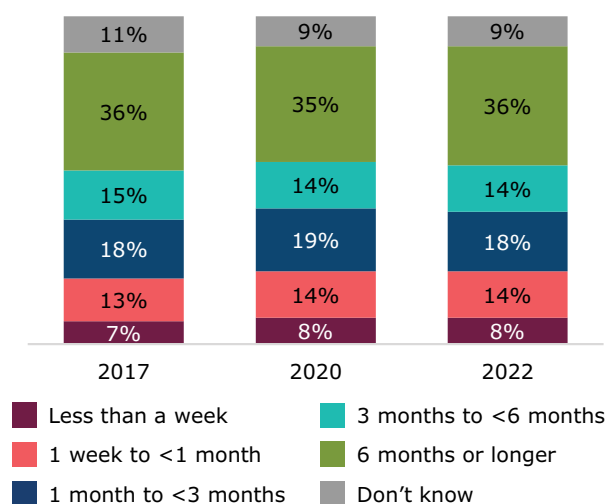
Adults with low savings

Adults who do not have an adequate savings buffer

It is generally recommended that people should set aside some money in an accessible savings buffer, to pay for an unexpected expense or to draw on if they lose their job. While the amount that should be set aside might vary according to an individual's circumstances, financial experts generally recommend having at least three months of essential outgoings available.⁸

⁸ For example, MoneyHelper states that "A good rule of thumb to give yourself a solid financial cushion is to have at least three months' essential outgoings available in an instant access savings account."

Figure 4.7: Length of time adults could continue to cover living expenses if they lost their main source of household income (2017/ 2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'prefer not to say' responses (4%/3%/5%) **Question:** AT4 (Rebased). If you lost your main source of household income, how long could your household continue to cover living expenses, without having to borrow any money or ask for help from friends or family?

Figure 4.7 shows the length of time adults said they could continue to cover their day-to-day living expenses if they lost their main source of household income, without having to borrow any money or to ask for help from friends or family.

In May 2022, 8% of adults (4.4m) could only cover their living expenses for up to one week (these adults have low financial resilience). Two-fifths (32% or 17.1m) could only cover their living expenses for at least a week but less than three months, while half (50% or 26.7m) had the minimum recommended savings buffer of three months or had more than this. Around one in ten (9%) said they did not know.

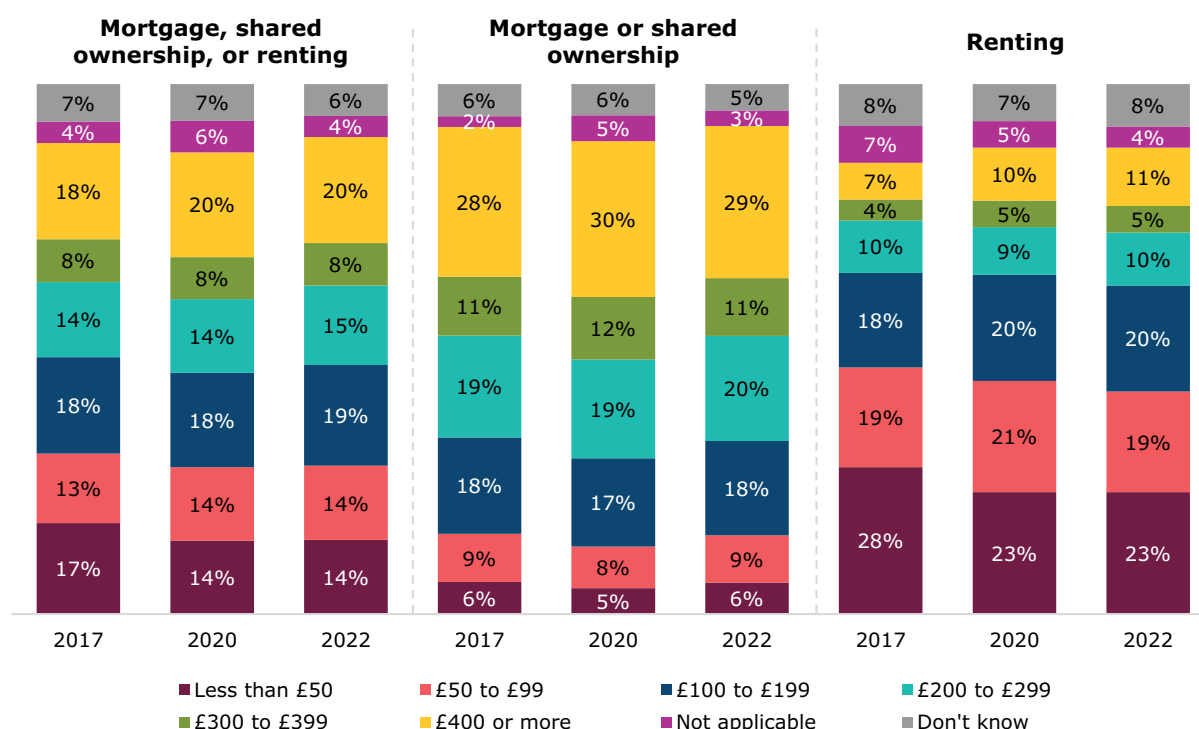
These results are unchanged from 2020 and 2017.

Adults who would struggle with a mortgage or rent payment increase

We asked adults who had a residential mortgage or shared ownership, or who were renting, how much their monthly mortgage or rent payments could increase before they would struggle to pay them.

Adults who would struggle with an increase of less than £50 per month are considered to have low financial resilience. As Figure 4.8 shows, in May 2022, 6% of adults with a mortgage or shared ownership and 23% of adults who were renting were in this situation. This equates to 4.2 million adults in total (or 8% of all adults). These results were largely unchanged compared with February 2020 (5% for those who had a mortgage or shared ownership, and 23% for those who were renting).

Figure 4.8: How much monthly mortgage or rent payments could increase before mortgagors/renters would struggle to pay them (2017/2020/2022)



Source: FLS **Base:** All UK adults who own the property they currently live in with a residential mortgage, through shared ownership, or are renting (2017: 7,324/ 2020: 9,540/ 2022: 10,147) excluding 'prefer not to say' responses (3%/4%/4%) **Question:** M104 (Rebased). Thinking about your monthly (mortgage or rent payments) for the property in which you currently live, by how much could these increase before you would struggle to pay them?

The rising cost of living has resulted in many people having mortgage or rent increases well over £50 per month. For example, between May 2022 and the time of writing this report, the Bank of England base rate had increased by 4 percentage points. FCA estimates are that, of borrowers on a fixed rate mortgage expiring between January 2023 and the end of June 2023, one in six (16%) will see an increase of £300 or more to their monthly repayments. Over half (52%) of all adults with a mortgage or shared ownership in May 2022 said they would struggle to pay their mortgage if it increased by this amount.

According to the ONS,⁹ the median monthly private rent in England was £800 in September 2022, although this varied significantly by region (London had the highest median monthly rent at £1,475, and the North East had the lowest at £525). Separate statistics from the ONS¹⁰ show that private rental prices in England increased by 4.3% in the year to January 2023 (with the East Midlands having the highest annual rise of 5.0% and the West Midlands the lowest at 3.9%). This would mean a monthly rent increase of around £35 for the average private renter in England. For adults who are in social housing, the Government set a 7% rent ceiling for rent increases in England the 2023-24 financial year. This would add around £30 per month for someone who is paying £100 per week currently. A quarter (23%) of adults who were renting in May 2022 said they would struggle to pay their rent if it increased by less than £50 per month – we do not know what proportion would struggle with a £30-35 increase.

⁹ ONS: Private rental market summary statistics in England: October 2021 to September 2022.

¹⁰ ONS: Index of Private Housing Rental Prices, UK: January 2023.

Retirees who are struggling to pay day-to-day living expenses

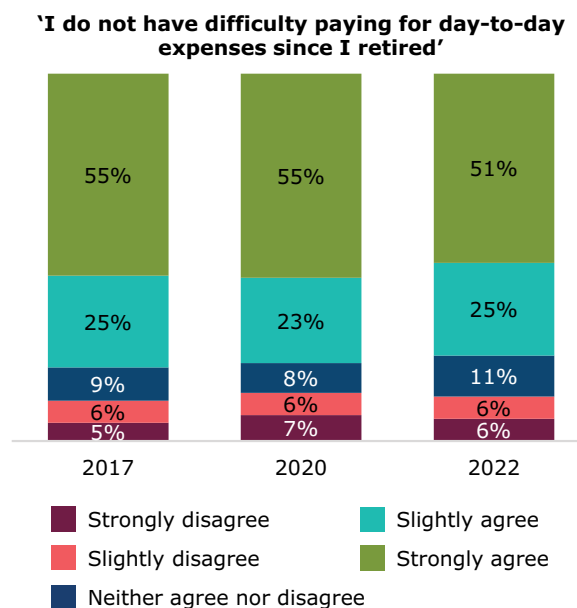
We asked retirees whether they have difficulties paying for day-to-day expenses since they retired. The results are shown in Figure 4.9.

In 2022, over three-quarters (77%) of retirees agreed that they do not have difficulty paying for day-to-day expenses: 25% slightly agreed and 51% strongly agreed. This is not statistically different from the result for 2020 (78%).

Relatively few retirees (6% or 0.7m) strongly disagreed that they do not have difficulty paying for day-to-day expenses since they retired – down from 7% in 2020. We consider this difficulty to be an indicator of low financial resilience.

Retirees more likely to strongly disagree included those who were renting (8%), those not living in a couple (8%), those with no or less than £1,000 in investible assets (9%), and those with no private pension provision (8%).

Figure 4.9: Extent to which retired adults have difficulty paying for day-to-day expenses (2017/2020/2022)



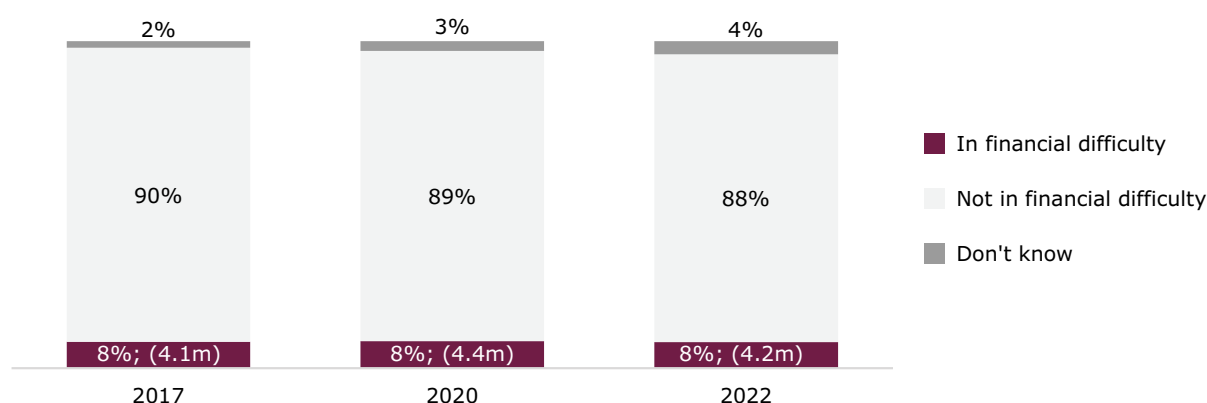
Source: FLS **Base:** All UK adults who are retired (2017: 3,318/ 2020: 3,832/ 2022: 5,216) excluding 'don't know' responses (1%/1%/1%) **Question:** AT10_d (Rebased). How much do you agree or disagree with the statement?

Adults in financial difficulty

Adults are defined as being in financial difficulty if they have fallen behind, or missed, any payments for domestic bills or credit commitments in three or more of the last six months.

As Figure 4.10 shows, in May 2022, 8% of adults (4.2m) were in financial difficulty, unchanged since 2017.

Figure 4.10: In financial difficulty (2017/2020/2022)



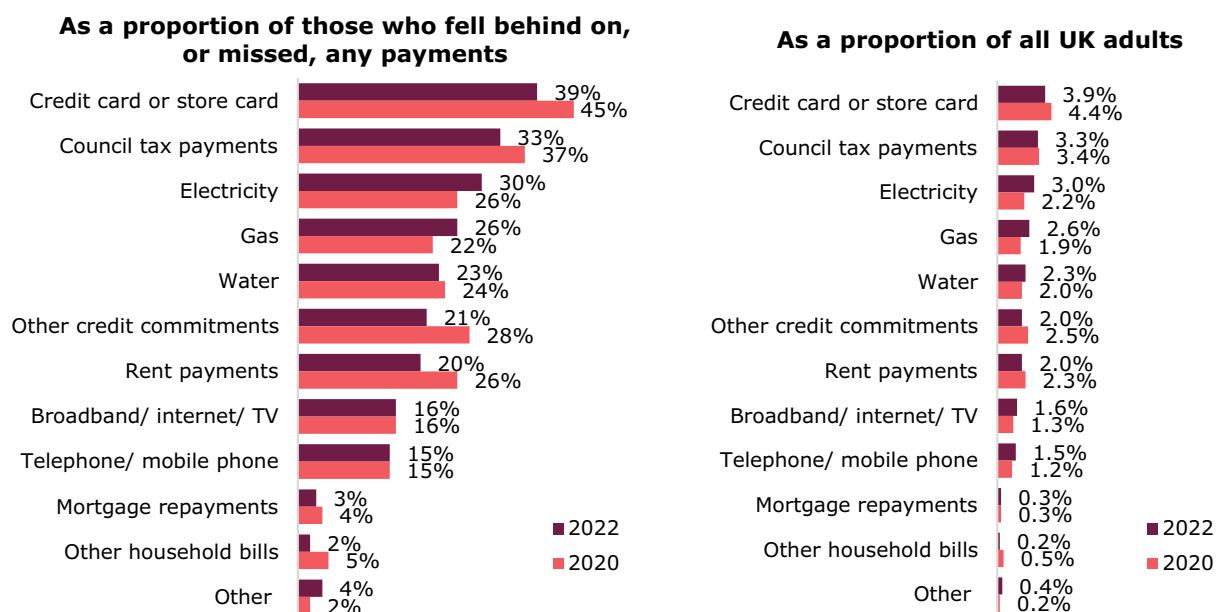
Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months? These 3 months don't necessarily have to be consecutive months.

We also asked people if they had fallen behind, or missed, any payments in one or two months in the previous six months. In May 2022, 2% of adults (1.0m) had done so. This takes the total proportion of adults who had missed any bills in the previous six months to 10% (5.3m). These results were the same as those seen in 2020 (10% or 5.2m).

Which domestic bills and credit commitments have been missed?

Figure 4.11 shows which domestic bills or credit commitments adults had fallen behind on, or missed, in the six months to May 2022, and in the six months to February 2020. The left-hand chart shows the results as a proportion of only those adults who missed any payment in the period, while the right-hand chart shows the results as a proportion of all UK adults. So, for example, we can see that two-fifths (39%) of all adults who missed a payment in the six months to May 2022 missed a credit card or store card payment, which equates to 3.9% of all UK adults.

Figure 4.11: Fallen behind on, or missed, different types of payments in the last six months (2020/2022)



Source: FLS **Base:** All UK adults who have fallen behind on, or missed, credit commitments or domestic bills for one or more months in the last six months (2020: 1,094/ 2022: 1,479)/ All UK adults (2020: 16,190/ 2022: 19,145) **Question:** K33. Which credit commitments and/or domestic bills have you missed, or fallen behind on, in the last 6 months/ K33a. Which utility bills have you missed, or fallen behind on, in the last 6 months?

Overall, 2.8 million adults (5.2% of all UK adults) missed one or more credit or loan, or mortgage, payments in the six months to May 2022:

- 2.7 million adults missed a consumer credit payment (a credit card, store card or other credit commitment), equating to 5.1% of all UK adults or 5.8% of those who held any credit or loan product
- 0.2 million adults missed a mortgage payment, equating to 0.3% of all UK adults or 0.9% of those who were buying their property with a mortgage or shared ownership

Our data suggests that mortgage holders prioritise their mortgage payments over other bills. For example, of all those with a mortgage or shared ownership who fell behind on, or missed, any payments in the six months to May 2022, relatively few (18%) missed their mortgage payment. In contrast, 64% missed a credit card, store card, or other credit payment, 31% missed a utility bill (such as their water, gas, electricity, broadband or telephone bills), and 23% missed a council tax payment.

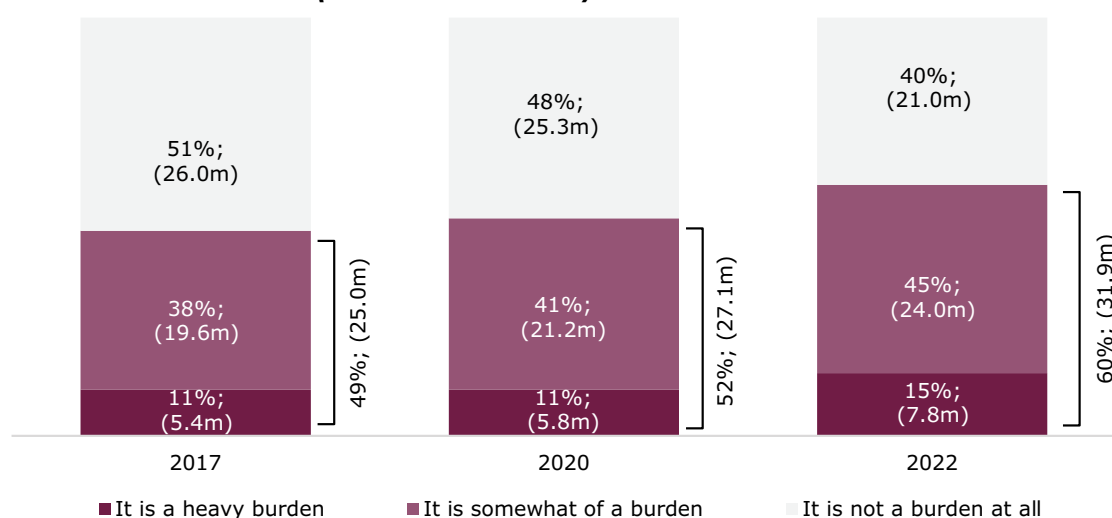
Overall, 1.1m adults missed one or more rent payments in the six months to May 2022, equating to 2.0% of all UK adults or 6.2% of those who were renting.

Adults who are heavily burdened by their domestic bills or credit commitments

Figure 4.12 shows a large increase over February 2020 to May 2022 in the proportion of adults who felt that keeping up with their domestic bills and credit commitments is a heavy burden: from 11% (or 5.8 million) to 15% (or 7.8 million). It is this increase which largely accounts for the increase we have seen over this same period in the proportion of adults with low financial resilience.

Our results also highlight a significant increase in the proportion of adults who found keeping up with domestic bills and credit commitments somewhat of a burden. In May 2022, 45% of adults, or 24.0 million people, felt this way – up from 41% in February 2020 and 38% in 2017.

Figure 4.12: Adults heavily or somewhat burdened by their domestic bills and/or credit commitments (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (4%/4%/5%) **Question:** K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?

Adults who are over-indebted

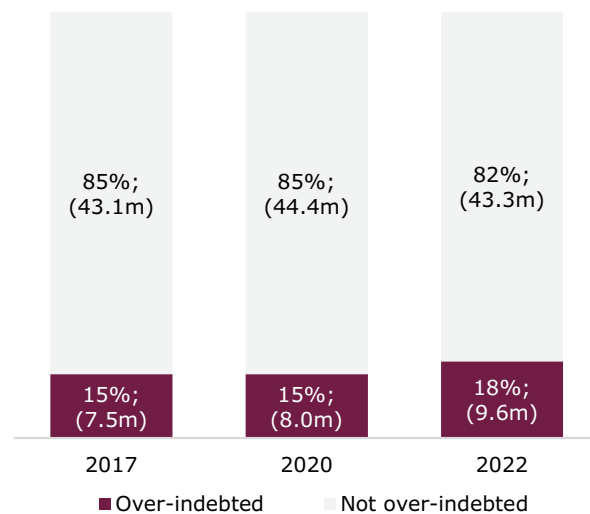
We have adopted the term 'over-indebted' from the Money and Pensions Service (MaPS). By their definition, adults are 'over-indebted' if they failed to pay domestic bills or meet credit commitments in three or more of the last six months (ie are in financial difficulty), or find keeping up with domestic bills or credit commitments to be a heavy burden.

Figure 4.13 shows that the proportion of adults who were over-indebted increased between February 2020 and May 2022, from 15% (or 8.0m) to 18% (or 9.6m). As we discussed earlier, this was largely due to an increase in adults saying their domestic bills and credit commitments were a heavy burden, rather than an increase in the number of adults in financial difficulty.

Adults most likely to be over-indebted in May 2022 included those who:

- had no investible assets whatsoever (60%) or had £1 to £1,000 (43%)
- were not in work because they were long-term sick, temporarily sick, looking after the home, or a carer (48%)
- were in poor health (44%)
- had experienced a relationship breakdown, such as a divorce, in the previous 12 months (40%)
- were unemployed (38%)
- had a household income of less than £15,000 a year (37%)
- had a learning difficulty such as dyslexia, dyscalculia, or dyspraxia (35%)
- are Black (34%) or of mixed/multiple ethnicity (30%)

Figure 4.13: Over-indebtedness (2017/2020/ 2022)

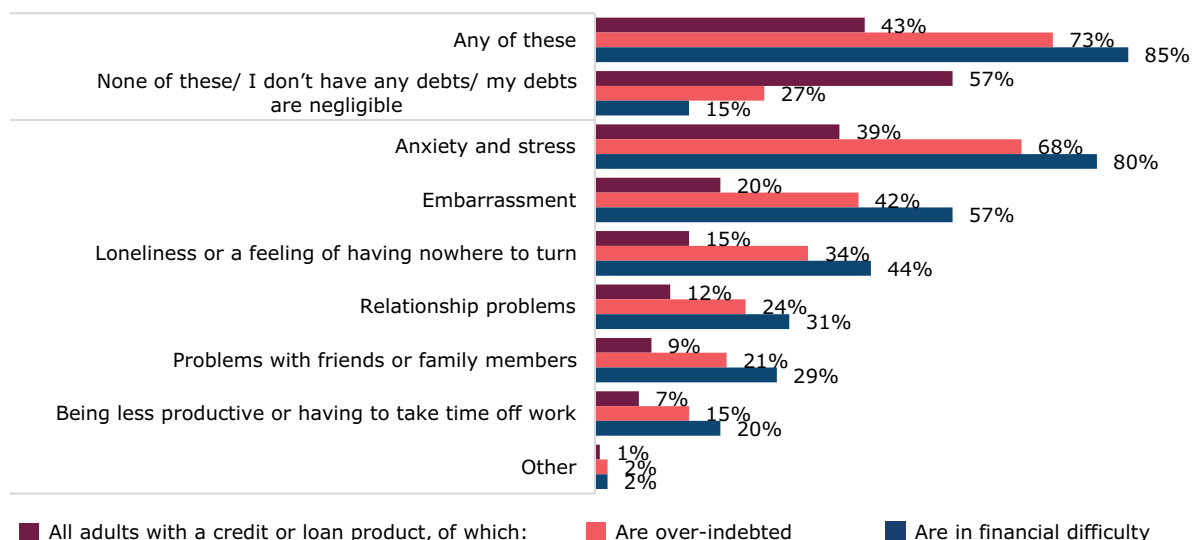


Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (1%/1%/2%) **Question:** K1K2sum (Rebased). MaPS over-indebted algorithm

What impact does debt have on people's lives?

We asked all adults with any credit or loan product what impact, if any, debt has had on their life. Figure 4.14 shows the results for all adults with any credit or loan product, as well as for those who were also over-indebted or in financial difficulty.

Figure 4.14: Impacts of debt, for those who hold any credit or loan products, those who are over-indebted and those in financial difficulty (2022)



Source: FLS **Base:** All UK adults who are over-indebted or hold any credit or loan product now or have held one in the last 12 months (excluding those who only hold credit/store cards or catalogue credit, but who pay the full statement balance every or most months, and excluding those who only hold deferred payment credit or ESAs) excluding 'prefer not to say' responses (5%) **Question:** B13 (Rebased). Having debt impacts different people's lives in different ways. Have you experienced any of the following in the last 12 months, because of the debts you have? **CAVEAT**

Overall, 43% of adults with any credit or loan product (12.3m adults) felt that their debt had had a detrimental impact on their wellbeing in the previous 12 months. The most cited impacts were anxiety and stress (39% or 11.2m), embarrassment (20% or 5.8m), and loneliness or a feeling of having nowhere to turn (15% or 4.2m). For one in eight (12% or 3.3m) their debts had resulted in relationship problems, and for somewhat fewer (9% or 2.7m) their debts had led to problems with friends or family members.



Taking out a credit card when I was younger and spending a large sum on it over time and having to pay the monthly payments back were very stressful due to the amount of interest – it was around £80 per month but only around £20 was actually coming off. After a long time of struggling and worrying with it, I finally took out a low-interest loan to pay it off.

(Female, 18-24)



I lived alone after my divorce and was really struggling to manage. I found a lot of financial organisations were quite predatory, constantly offering additional loans to consolidate my debts, and extending my credit. This just made my problems worse and worse, and I eventually had my home repossessed. ... I think the stress from the years of struggling alone with financial difficulties, and then having my home repossessed, really affected my mental health and played a big part in me later becoming disabled.

(Female, 45-54)

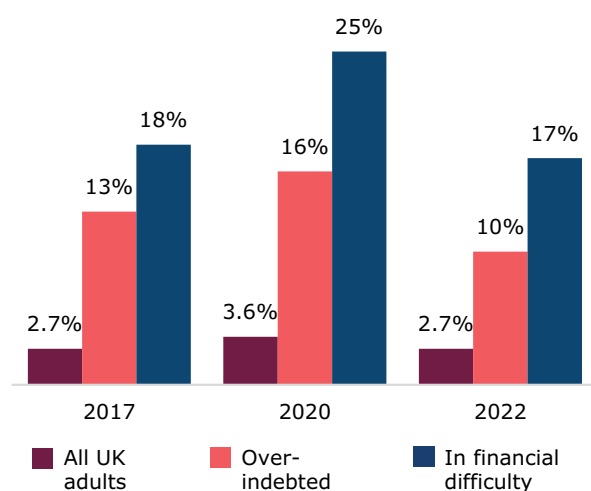


Debt advice and debt management

Looking now at debt advice, 2.7% of adults (1.5m) used a debt advice or debt management service in the 12 months to May 2022. This was down slightly on the proportion who used debt advice in the 12 months to February 2020 (3.6% or 1.9m).

These figures, shown in Figure 4.15, include the use of free debt advice services from not-for-profit organisations and the use of paid-for services from commercial debt management companies. Of those who used a debt advice service in the 12 months to May 2022, 81% did not pay a fee for the advice, 16% did pay a fee, and 3% did not know if they had paid a fee.

Figure 4.15: Use of debt advice in the last 12 months (2017/2020/ 2022)



Source: FLS **Base:** All UK adults (2017:12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (~1%/3%) **Question:** P_CC20 (Rebased). In the last 12 months, have you used a debt advice or debt management service? **CAVEAT**

Figure 4.15 also shows the proportion of over-indebted adults and the proportion of those in financial difficulty who used a debt advice or debt management service – these are consumers who are most likely to benefit from this type of service.

In the 12 months to May 2022, 10% of over-indebted adults and 17% of those in financial difficulty used debt advice (down from 16% and 25%, respectively, in the 12 months to February 2020).

This, however, means that 90% of over-indebted adults (8.2m) had not used debt advice, nor had 83% of the adults in financial difficulty (3.4m).

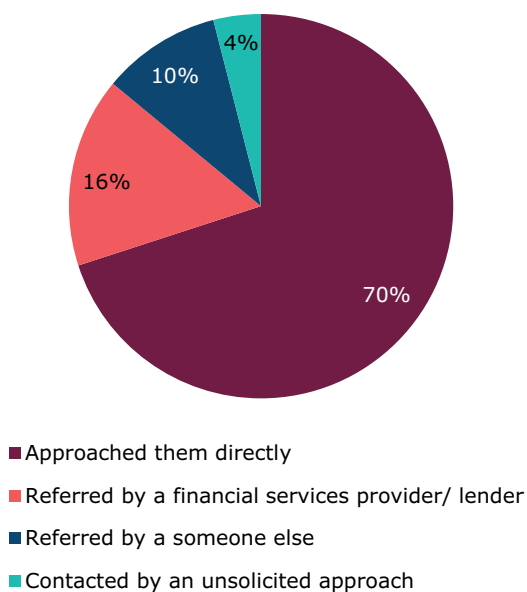
We asked adults who used debt advice or a debt management service in the 12 months to May 2022 how they initially got in touch with their debt adviser and what channel or channels they had used to receive the advice.

As the left-hand chart in Figure 4.16 shows, most (70%) said they approached the debt adviser directly, while 26% were referred to them: 16% by a financial services provider, such as a bank or credit card company, and 10% by someone else.

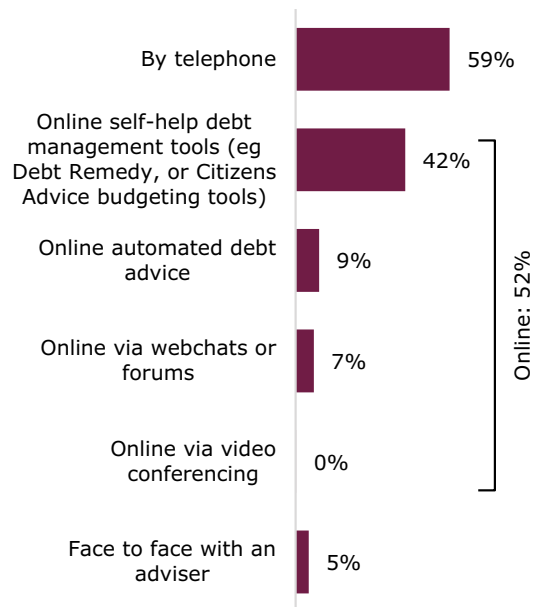
Looking at the right-hand chart about how the advice was delivered, very few (5%) adults had had a face-to-face appointment with an adviser. Most received the advice by telephone (59%), or online using a self-help debt management tool, such as Debt Remedy from StepChange or Citizens Advice's budgeting tools (42%).

Figure 4.16: Method of contacting a debt adviser and channel used to receive debt advice (2022)

How debt advice users made contact with their debt adviser



Type of channel used to receive debt advice



Source: FLS **Base:** All UK adults who used debt advice or debt management in last 12 months (2022: 431) excluding 'don't know' responses (2%/3%) **Question:** P_CC20d (Rebased). How did you first get in contact with the debt adviser or debt management service?/P_CC20f (Rebased). Thinking about how you received your debt advice, which of the following channels did you use?

Adults who used debt advice or a debt management service in the 12 months to May 2022 gave their feedback on the process:

- Over three-quarters (77%) found it easy to find a debt adviser who would help them
- Four-fifths (80%) were able to contact their debt adviser through a channel that suited them
- Four-fifths (81%) said the debt adviser took the time to explain and talk through their options
- Over three-quarters (77%) felt that the adviser understood their needs
- Two-thirds (66%) agreed that their debts are more manageable having spoken to an adviser

Impact of the rising cost of living on consumers' finances

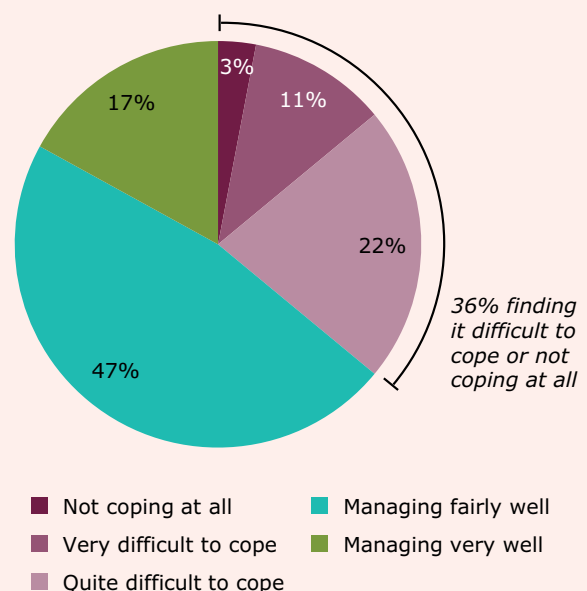
In January 2023, we recontacted respondents to our Financial Lives 2022 survey to ask them to take part in a short survey. Over 5,000 adults took part. We also conducted 30 one-hour in depth interviews with consumers to hear their stories first-hand. In this section we share the findings of this research and explore how the rising cost of living in 2022 impacted people's finances.

Overall impact of the rising cost of living on adults' financial situation

The rising cost of living has had a significant financial impact on the financial lives of many adults in the UK. We asked people to say how they were coping financially in January 2023. The results are shown in Figure 4.17.

In January 2023, over one in three (36%) adults were finding it difficult to cope financially: 3% were not coping financially at all, 11% were finding it very difficult to cope, and 22% quite difficult to cope.

Figure 4.17: Extent to which adults are coping financially (Jan 2023)



Not good! I'm in debt with my rent, with water, internet. I'm only just having my gas turned back on now. So, it's not been fun.
(Male, 18-24)

The last couple of years, even on Universal Credit, I've been able to manage. But now, all of a sudden, within the last six months even, it's become an absolute struggle. And that's with everything paired down to the bone.
(Male, 55-64)

Well, it has been a struggle... one day you wake up, I mean, we've literally had to reduce going to the shop every week.
(Male, 45-54)

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

Around half of adults (47%) said they were managing fairly well, and 17% were managing very well. Having asked these respondents what the rising cost of living means to them, we heard from some who were coping who had no financial worries; from some (often older) people practised at living within their means; from some who were coping by having changed how they live; and from some concerned about the future even though for the time being they were managing fairly well or well.



We've both been working our whole adult lives, so we've got savings.
(Female, 25-34)



We just have to pay out a bit more on some things, but it is no problem as we have substantial income and savings.
(Male, 65-74)



I have paid my mortgage off, but the rising cost of living is rapidly consuming the headroom provided by this.
(Male, 55-64)



I have had to start working full-time after 20 years working part-time. I also have to provide more financial support for my child at university due to student rental increases and general living costs going up.
(Female, 45-54)



Everything is increasing: fuel, energy, food, going out. It's difficult to find pleasure in life, as it becomes pre-occupied with 'work, work, work' and our salaries aren't matching the rising costs. There's no money to do anything fun anymore and just enjoy life.
(Male, 25-34)

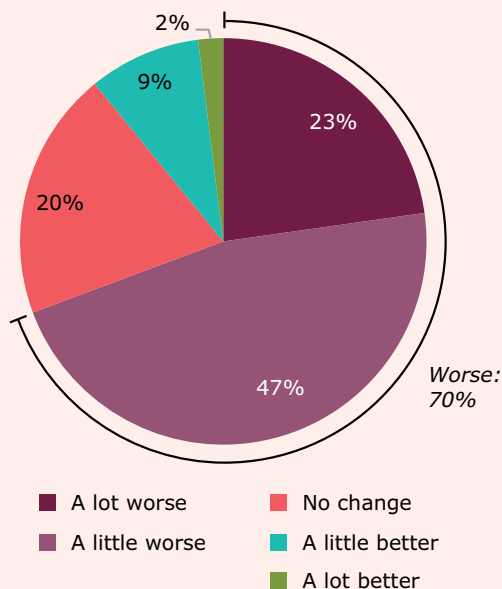


I'm not buying new clothes – I'm using charity shops. I'm worrying about when my fixed tariff with my gas/electricity supplier ends in April 2023.
(Female, 75+)



We also asked adults how their overall financial situation had changed in the six months to January 2023. The results to this question are shown in Figure 4.18.

Figure 4.18: Extent to which adults' financial situation has changed in the last six months (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?

Seven in ten (70%) adults saw their overall financial situation worsen over the six months to January 2023. For 23% it worsened a lot and for 47% a little.

With the price of just everything going through the roof, it's costing more to do day-to-day activities.

(Male, 35-44)

It's certainly affecting everybody. In terms of all of our family expenses, some are really increasing dramatically and it's making things really difficult.

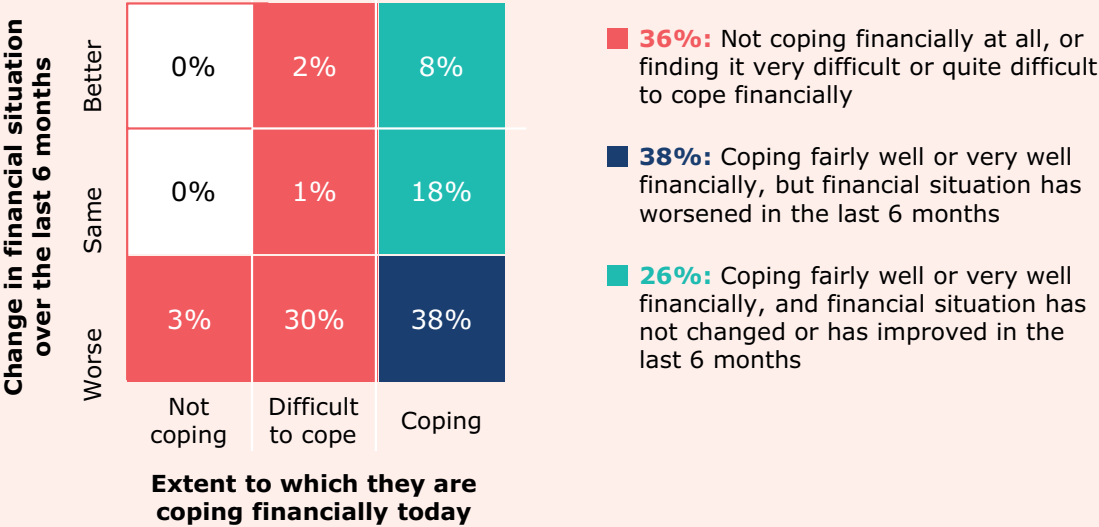
(Male, 45-54)

We're paying out a lot more than we were for gas and electric. And we've noticed the food shopping seems to be going up week on week.

(Male, 55-64)

Figure 4.19 combines the results to these two questions to provide a snapshot of adults' financial situations, and the impact that the rising cost of living has had on their finances. Summarising these results: 36% of adults were not coping financially at all in January 2023 or were finding it difficult to cope; 38% were coping, but their financial situation had worsened over the previous six months; and 26% were coping and their financial situation had either stayed the same or had improved.

Figure 4.19: Extent to which adults' financial situation has changed in the last six months, by how they are coping financially (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?/Q19. Which of the following statements best describes how you are coping financially today?

Story 4.1: Sarah

Finding it very difficult to cope

Sarah is single, in her mid-20s, and the mum of two young children. She works full-time from home. She rents from the council, and gets her rent as part of her Universal Credit payment. She also receives money to help with childcare.

Sarah is really struggling. Despite getting money off her energy bills from the Warm Home Discount Scheme, her gas bill has gone up from £15 per week to around £50-£60 per week. One week she had to put £70 on her prepayment meter.

She is also struggling with rising food prices. She has had to use a food bank twice in the past few months, which she found stressful and embarrassing – not because she had to use one or had to reach out for help, but because she feels like she should not be in this situation given she works full-time and is earning more now than she has ever earned before.



This winter especially has been really hard. Really, really difficult ... I'm just stressed all the time. Just stressed, angry, sad ... I'm not supposed to struggle. I'm struggling. Like I'm a working-class person. I'm not supposed to technically be struggling. You wouldn't think I would be struggling, but I am.



Sarah had to cancel nursery for her youngest child, as she could not afford the fees for lunches. She does not go out to enjoy herself, and there is no money to treat the kids.

She has occasionally worked over-time to earn more, but says the extra wage is offset against her Universal Credit, so it makes no difference. She used to have a small amount of 'rainy day' savings, but that has now all gone, which she feels terrible about. She could ask family, but they are struggling as well.

Sarah has fallen behind on some of her bills in the past six months: credit card payments, payments on a personal loan, phone/ internet, and her mobile phone bill.



I felt like [those bills] were less important, I guess, because when I've missed payments it was so I could pay for utilities, food, and council tax.



She wants a mortgage in the future and is worried about the impact of these missed payments on her credit score. She is also worried about how she will pay off her debts.

Story 4.2: Kenzy

Managing fairly well, although her financial situation has worsened

Kenzy is single, in her late 20s, with no children. She lives in a rent-to-buy house from a housing association and works full-time.

Kenzy is managing fairly well financially. She had previously built up a small savings pot by working a second job as a cleaner at weekends. This was intended for a future house deposit.

With living costs rising, Kenzy has seen her financial situation worsen over the past six months, and has had to use her savings to cover day-to-day living expenses.

“

I'm coping. I think I'm lucky that I'm in the position that I've got savings, so it's just my savings that have taken the hit. ... It's very frustrating. It was something I only planned to do temporarily: to do the extra work until I had a [house] deposit saved. Now, actually, I have to do it.

”

Kenzy has also cut back on heating, swapped to using a lower-cost supermarket, stopped using her car except for essential journeys, and she has cancelled unnecessary music and video streaming subscriptions.

Her plans to buy a house are also now delayed, at least by a couple of years.

“

I already knew it was going to be hard. I'm a single household so my mortgage was already going to be based on one wage. I was considering the possibility that I wouldn't be able to buy a house outright, I'd have to go through shared ownership. But with their interest rates being what they are, even with shared ownership, the repayments are so high. I'd need them to drop before I could consider it... In terms of savings, it's going to take me a couple of years at least (to get a deposit).

”

She feels stuck in her current property and her worsening financial situation has had an impact on her mental health.

“

I do get down with it. I do get anxious. I have just had some time off work with anxiety. And part of it is because of not having enough money.

”

Story 4.3: Adam

Coping well, with no change to his financial situation

Adam, 70, is a retired boat yard manager. He lives with his wife, who is also retired, in a bungalow in Devon, which they own outright.

They have been frugal throughout their lives and have saved enough to live comfortably. Adam has a very small private pension and receives the full State pension; his wife receives a reduced State pension and has a large DB pension.

Adam has noticed his bills going up, especially energy, food, and petrol. He and his wife tend to shop around for the best prices in three or four supermarkets, but have not switched to cheaper brands. They rely on their car, because they live in quite a rural area where there is no public transport.

While their bills have gone up, Adam says that they still have plenty of income left to cover their day-to-day living costs. His wife's DB pension is partially inflation proofed, and their State pensions are linked to inflation. Overall, this means that their income has increased, although not by quite as much as their expenses. That said, they still have more than enough to pay for everyday things and are still saving.



We lived a slightly different life than most people. We saved from the get-go. And so we have resources behind us. My wife worked in big business and has a substantial pension. We don't have to dip into savings at all.

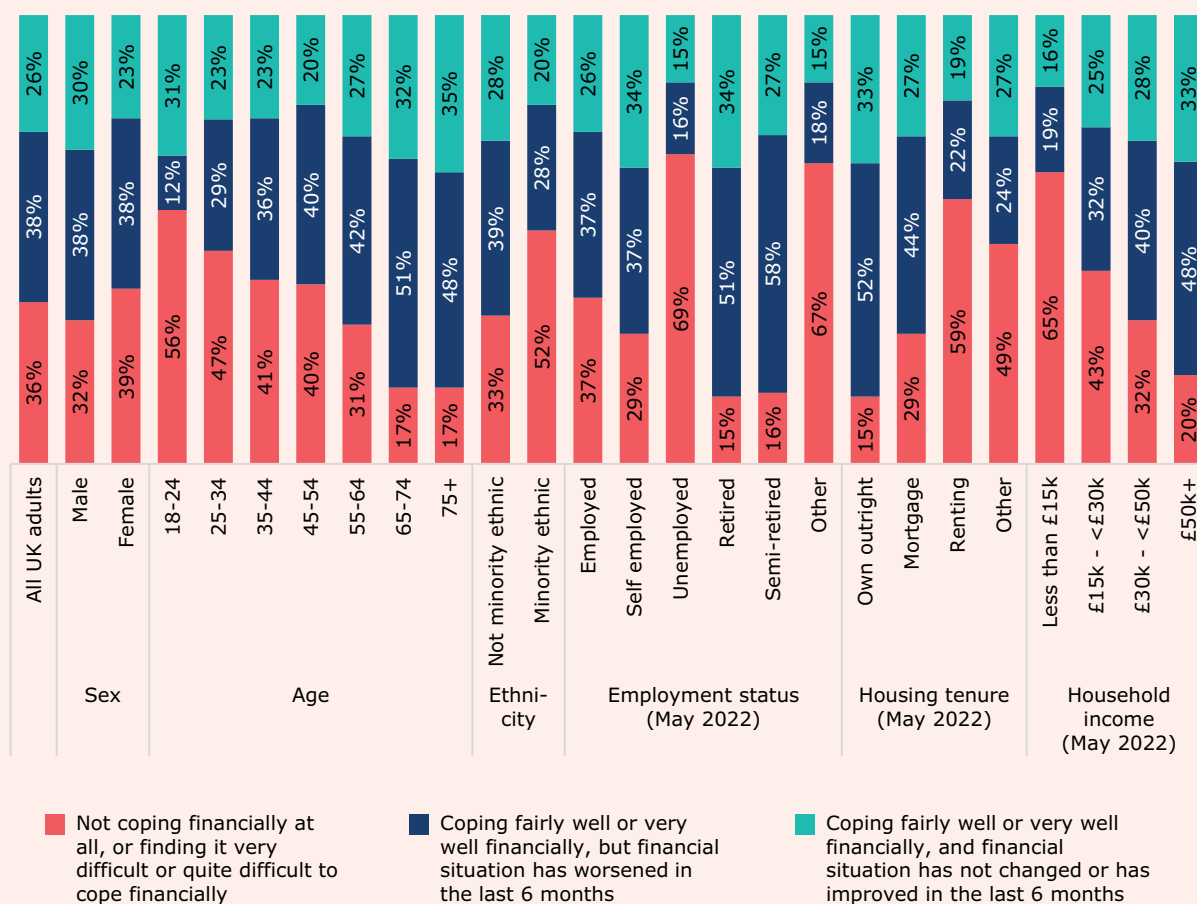


They are helping their daughter financially, but this is for inheritance tax purposes. She is highly educated and in a well-paid job. They are also helping her to refurbish her house.

Overall impact of the rising cost of living on different consumer groups

Figure 4.20 looks at how different groups of consumers have been affected by the rising cost of living, using the same segments reported in Figure 4.19.

Figure 4.20: Extent to which adults' financial situation has changed in the last six months, by how they are coping financially, across a variety of demographic segments (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?/Q19. Which of the following statements best describes how you are coping financially today?

The rising cost of living has had an impact on peoples' finances across society. However, as Figure 4.20 shows, some demographic groups are more likely than others to have struggled with the rising cost of living. Those most impacted include:

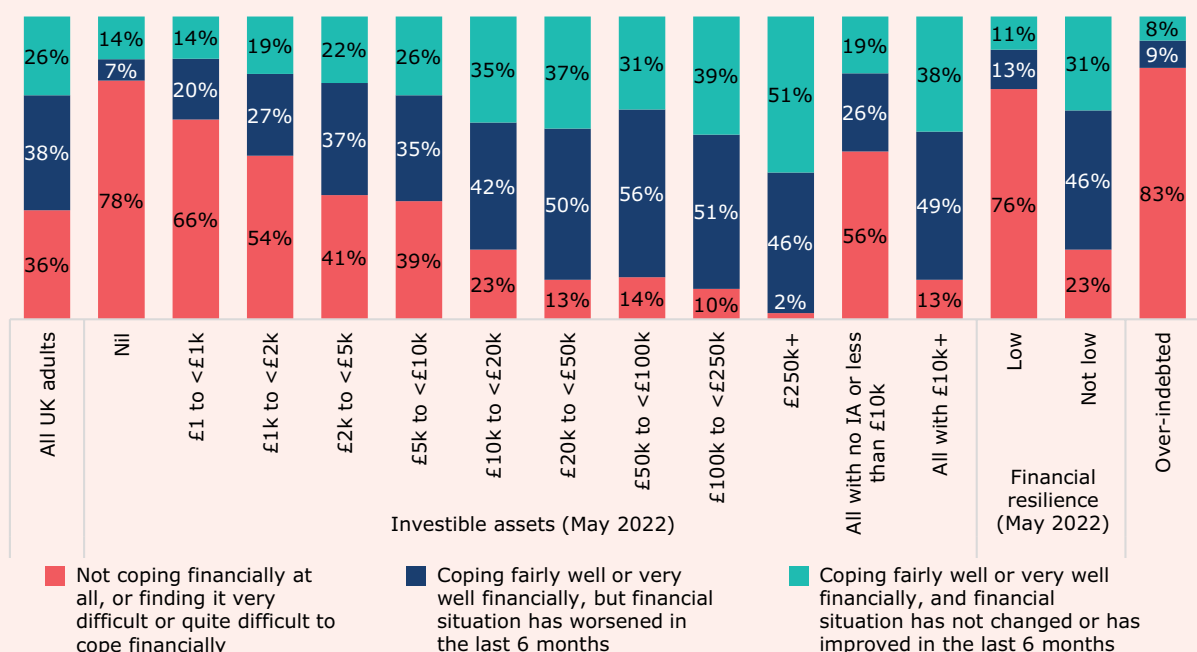
- adults who were **unemployed** in May 2022: almost twice as likely as working adults to say in January 2023 that they were not coping financially at all or were finding it difficult to cope (69% vs. 36%, respectively)
- adults who were **not working** in May 2022 because they were a student, permanently sick, temporarily sick, looking after the home, or a carer: almost twice as likely as working adults to say they were not coping financially at all or were finding it difficult to cope (67% vs. 36%, respectively)
- adults in **low-income households**: two-thirds (65%) of adults with a household income of less than £15,000 a year were not coping financially at all or were finding it difficult to cope, compared with one in five (20%) adults with a household income of at least £50,000

- **minority ethnic group** adults: over one and a half times more likely to say they were not coping financially at all or were finding it difficult to cope compared with adults not in minority ethnic groups (52% vs. 33%, respectively). Black adults, Asian adults, and adults of mixed/multiple ethnicity, on average, have all struggled more with the rising cost of living than White adults
- **renters**: almost four times more likely to say they were not coping financially at all or were finding it difficult to cope compared with adults who own their home outright (59% vs. 15%, respectively), and twice as likely to say this compared with mortgage holders (29%)

The fact that these demographic groups were struggling the most with the rising cost of living likely reflects the fact that they had some of the lowest levels of savings recorded in the May 2022 Financial Lives survey and were far more likely to be in financial difficulty or have low financial resilience. Indeed, as Figure 4.21 shows, adults who had some savings to fall back on in May 2022 were far more likely to be coping financially in January 2023, despite the rising cost of living.

Collectively, around one in eight (13%) adults with £10,000+ of investible assets in May 2022 were not coping financially at all or were finding it difficult to cope in January 2023. In contrast, over half (56%) of adults who had no investible assets or investible assets of less than £10,000 in May 2022 were in the same situation.

Figure 4.21: Extent to which adults' financial situation has changed in the last six months by how they are coping financially, by levels of investible assets and financial resilience in May 2022 (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?/Q19. Which of the following statements best describes how you are coping financially today?

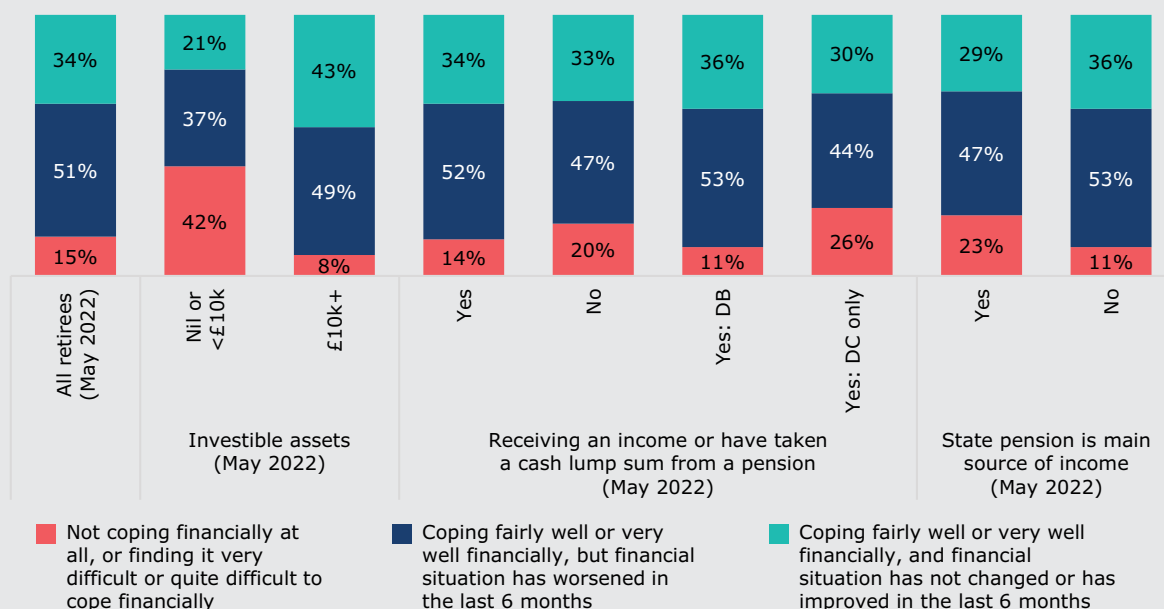
Figure 4.21 also shows that three-quarters (76%) of adults who had low financial resilience in May 2022 were not coping financially at all or were finding it difficult to cope in January 2023, as were the majority (83%) of those who were in over-indebted in May 2022.

Spotlight 4.1:

Impact of the rising cost of living on retirees – most retirees were coping financially, and particularly those with savings or inflation-protected income

In January 2023, most retirees (85%) said they were coping financially, despite the rising cost of living. Looking more closely at our data for retirees in Figure 4.22, those receiving an income from a DB pension were less likely to say they were finding it difficult to cope, as were those who had £10,000+ in investible assets.

Figure 4.22: Extent to which retirees' financial situation has changed in the last six months by how they are coping financially, by levels of investible assets and pension provision in May 2022 (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults who were retired in May 2022 (Jan 2023: 1,853) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?/Q19. Which of the following statements best describes how you are coping financially today?

During our qualitative research, we had the opportunity to speak with some retirees. Among those in their mid to late 70s, we found that their income was inflation-protected, thanks to sources such as the State pension, their DB pension, and disability benefits. These individuals had cut back on their spending during the Covid-19 pandemic and had not fully resumed their pre-pandemic lifestyles. Despite the challenges of the pandemic, many felt fortunate to have built up savings that they could rely on now. Additionally, extra Government support has provided a financial cushion, helping to weather higher living expenses.

“

We are coping quite well because, at our age, we don't do very much now... And this year, I got £350 from the Government.

(Male, 75+)

”

“

I'm gradually using up some savings that I have. I was a war baby, so I was brought up to be very careful.

(Female, 75+)

”

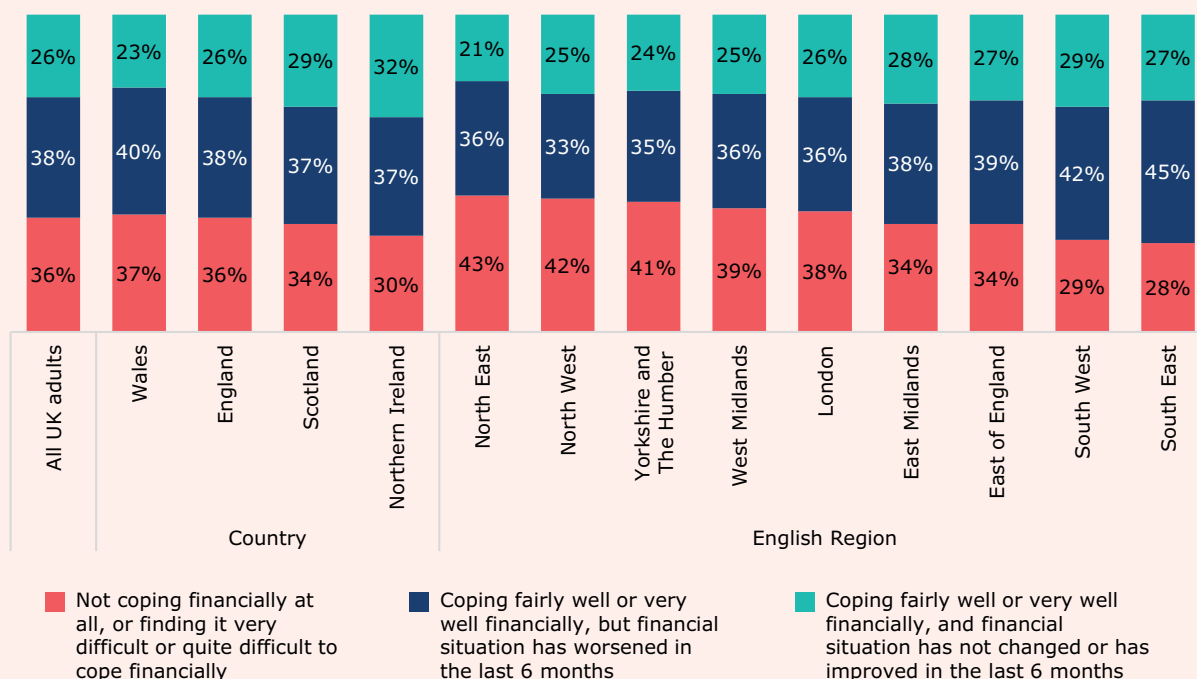
Groups of retirees who were most likely to be not coping financially at all or finding it difficult to cope in January 2023 include: renters (33%), those in poor health (32%), those with a household income of less than £15,000 a year (31%), and those living on their own (25%).

Overall impact of the rising cost of living by nation and English region

Looking now at the financial impacts of the rising cost of living by nation in Figure 4.23: there was no statistically significant difference between nations in the proportion of adults who were not coping financially at all or who were finding it difficult to cope in January 2023 (Wales: 37%, England: 36%, Scotland: 34%, Northern Ireland: 30%).

Within England, however, there was a notable North-South divide. The North East, North West, and Yorkshire and The Humber all had greater proportions of adults who were not coping financially at all or finding it difficult to cope, while the South East and South West had a far lower proportions of adults in this situation. We also saw a similar result when looking at adults' financial resilience in May 2022 (see Figure 4.4).

Figure 4.23: Extent to which adults' financial situation has changed in the last 6 months by how they are coping financially, by nation and English region (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q1. Firstly, thinking about your financial situation overall, to what extent would you say your financial situation is better or worse now than it was 6 months ago?/Q19. Which of the following statements best describes how you are coping financially today?

We saw earlier how there is a strong link between financial resilience and deprivation, with adults living in the most deprived areas of the UK being over three times more likely to show low financial resilience than those living in the least deprived areas in May 2022.

This stark disparity is also present when we look at the financial impacts of the rising cost of living: adults living in the most deprived areas were four times more likely to say they were not coping financially at all or finding it difficult to cope in January 2023 (59% said this, compared with 15% of those living in the least deprived areas).

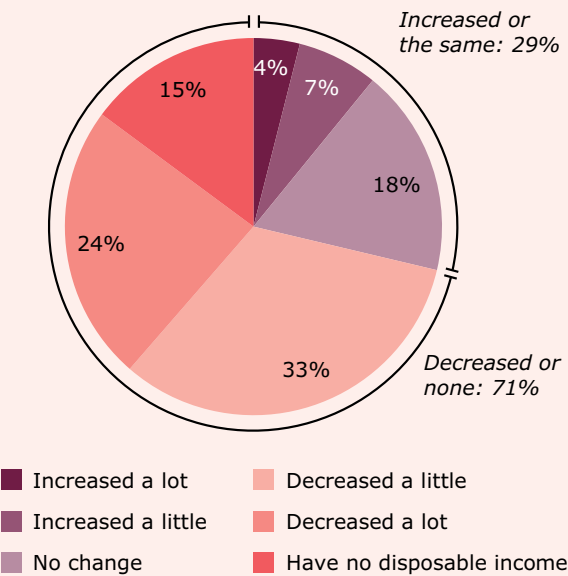
One in five (19%) adults living in the most deprived areas were coping financially, but they had seen their financial situation worsen in the previous six months. A similar proportion (22%) were coping and their financial situation was unchanged or it had improved in this period. The respective results were 49% and 36% for adults living in the least deprived areas.

On balance, adults living in rural areas appear to have struggled less with the rising cost of living compared with adults living in urban areas (25% were not coping financially at all or finding it difficult to cope in January 2023, compared with 38% of adults living in urban areas). However, this disparity lies less in the inherent challenges people face in rural or urban communities and more in their demographic profiles.

Impact of the rising cost of living on disposable incomes

As Figure 4.24 highlights, increases in the cost of living in 2022 have had a notable impact on adults' disposable incomes – which, in the survey, was defined as “the amount of money you have left at the end of the month to spend or save as you wish, after bills, food and other regular monthly essential expenses.”

Figure 4.24: Change in monthly disposable incomes over the last six months (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,213) **Question:** Q21. Thinking about your monthly disposable income ... How different is your monthly disposable income now compared to what it was 6 months ago?

Just one in nine adults (11%) said their monthly disposable income increased over the six months to January 2023 (4% by a lot and 7% by a little), while one in six (18%) had seen no notable change.

In contrast, well over half (56%) saw their disposable incomes go down (33% by a little and 24% by a lot), and a further one in seven (15%) said they had no disposable income whatsoever in January 2023.

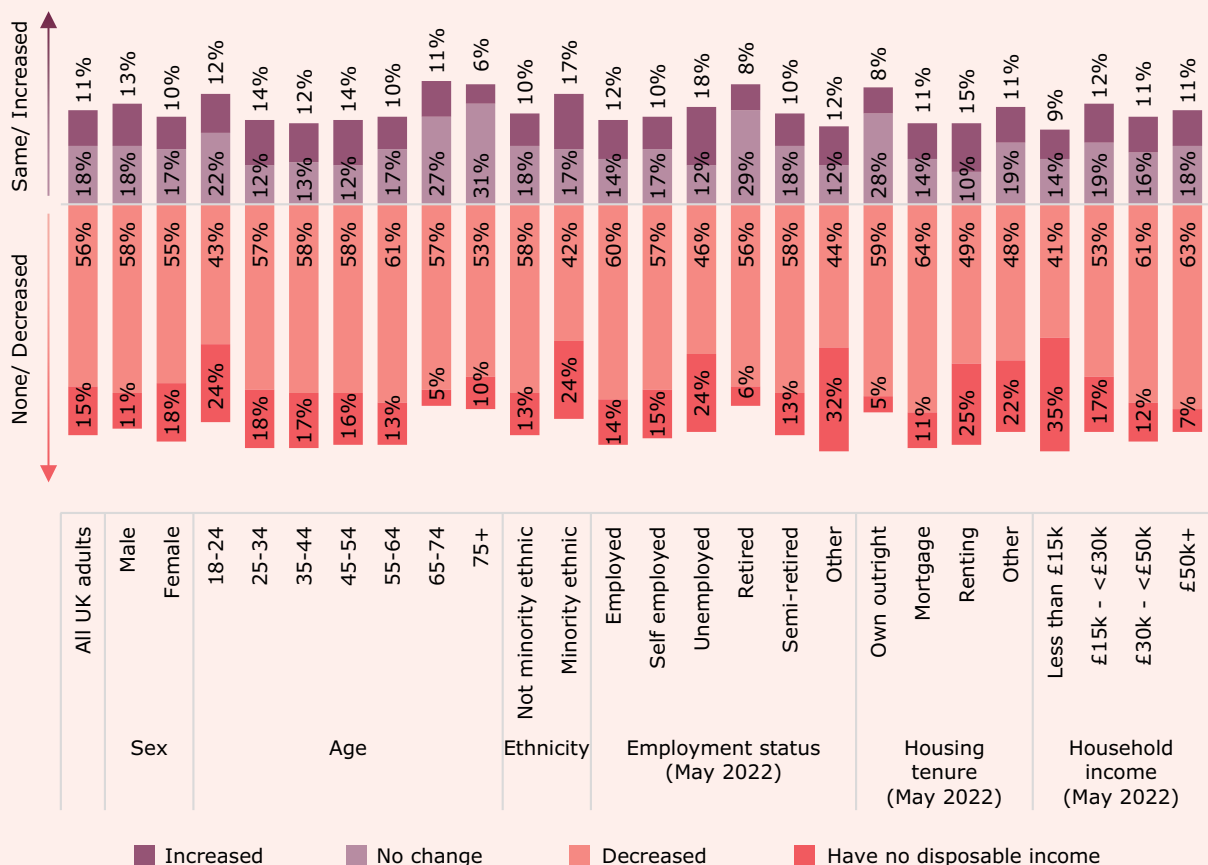
Overall, this means that seven in ten adults (71%) either had no disposable income in January 2023 or had seen their disposable income decrease over the previous six months. Three in ten (29%) had seen their disposable incomes stay the same or increase.

“ We definitely noticed the energy bill increase and the cost of food increase... So, we’ve definitely found that our monthly salaries are not going as far.
(Female, 25-34)

“ I’m just finding myself spending more on the day-to-day stuff. Some months there is nothing left and I’m having to dip into savings or put a bit on the credit cards.
(Male, 45-54)

Figure 4.25 takes this analysis one step further by comparing the proportion of adults whose monthly disposable income increased or stayed the same in this period with the proportion whose disposable incomes decreased or they had no disposable income, across a variety of demographic segments. It highlights how the disposable incomes of adults across society have been impacted by the rising cost of living, irrespective of factors like age, working status or housing tenure.

Figure 4.25: Change in monthly disposable incomes over the last six months, across a variety of demographic segments (Jan 2023)

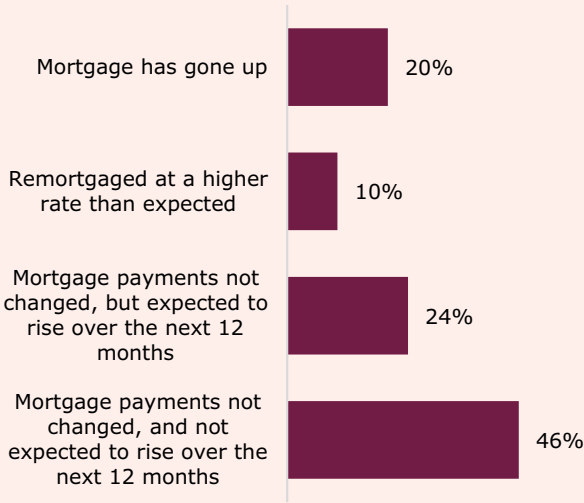


Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,213) **Question:** Q21. Thinking about your monthly disposable income ... How different is your monthly disposable income now compared to what it was 6 months ago?

The impact of the rising cost of living on mortgage holders

Three in ten (29%) mortgage holders saw their mortgage payments go up in the six months to January 2023, either because they were on a variable rate deal (20%), or because their deal ended and they had to remortgage at a higher rate (10%). These results are shown in Figure 4.26.

Figure 4.26: Change in mortgage payments in the last six months (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults who had a first charge residential mortgage in May 2022 (Jan 2023: 1,513) **Question:** Q15. Thinking about the last 6 months, which of these statements best describes your mortgage repayments?

In January 2023, 71% of residential mortgage holders were on a deal that meant their payments had not gone up in the previous six months. Around a third of this group (equating to 24% of all mortgage holders), however, expected their rates to rise over the course of 2023.

Asked to put into their own words what the rising cost of living meant to them, we heard concerns from mortgage holders about the significant impact of upcoming or actual additional mortgage payments on their finances and wellbeing. We also heard about mortgage payments being prioritised over saving and overspending on other things like holidays and Christmas.

“

I’m looking at cashing out of savings schemes in order to fund expected increase in mortgage payments.

(Female, 25-34)

”

“

I’m expecting to struggle to keep my house when my fixed rate mortgage ends in July 2023. I cannot plan any discretionary spending, holidays, and so on. I scaled down Christmas to only presents for my child.

(Female, 45-54)

”



We are already stretched dealing with inflation rises for goods, fuel and food with very little disposable income. Looking ahead to the end of our fixed rate, our mortgage costs are set to rise by nearly £700 per month. I'm not sure how we'll be able to pay this level of increase.

(Female, 45-54)



The thing that hurts the most and has had the biggest impact on my finances is the interest rate rises on the mortgage. That's made things particularly tough.

(Male, 45-54)

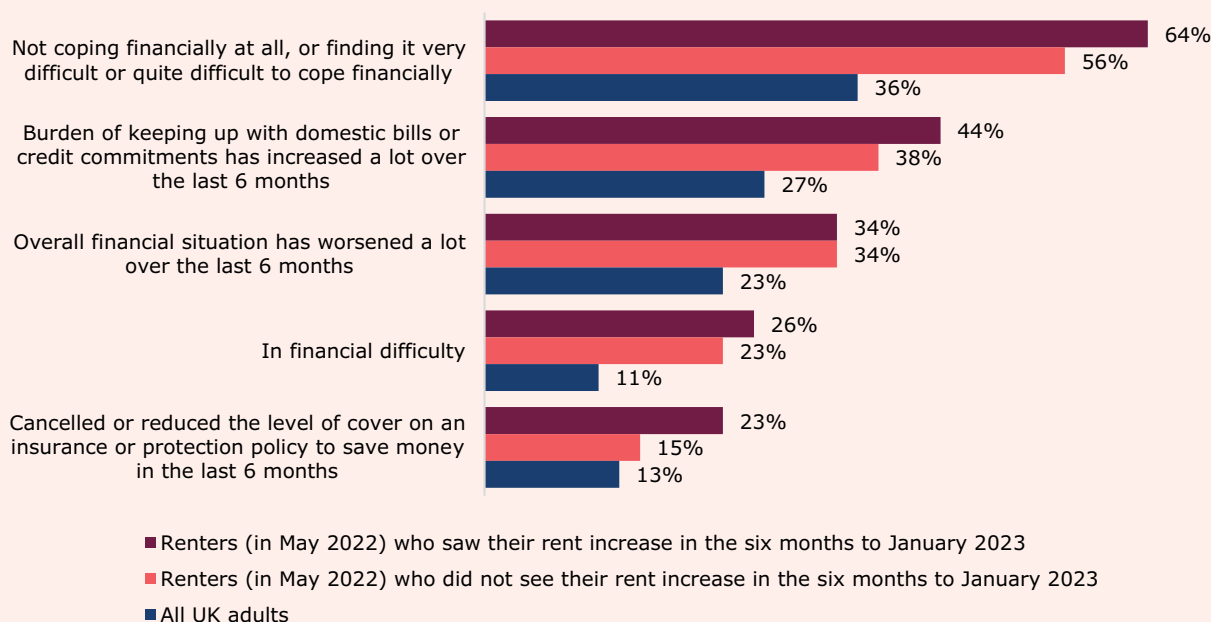


The impact of the rising cost of living on renters

A third (34%) of adults who were renting in May 2022 saw their rent increase in the six months to January 2023.

Figure 4.27 shows that renters experiencing rent increases were more likely to report financial difficulties, across several measures, than those renters who did not see rent increases. The figure also shows that renters overall were far more likely to report experiencing financial difficulties than UK adults as a whole.

Figure 4.27: Impact of rent increases on financial resilience (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286)/All UK adults who were renting in May 2022 and had seen their rent increase in the six months to January 2023 (Jan 2023: 299) **Question:** Q19./K1a (Rebased)/Q1./K2./Q3.

By January 2023, 25% of those who were renting in May 2022 said they had shelved their plans to get a mortgage in the foreseeable future. Our qualitative research respondents cited as the main reasons for this a combination of savings being eroded by higher living costs and mortgage costs increasing significantly and pushing homeownership out of reach.



The rising cost of living means that I probably won't be able to continue living in my home in the long term, as I expect my rent to increase soon. I also no longer have hopes of buying property.

(Female, 25-34)



The main issue with rising costs for us is being able to get onto the property ladder. We are looking to leave Oxford, as the cost of renting is too high.

(Female, 35-44)

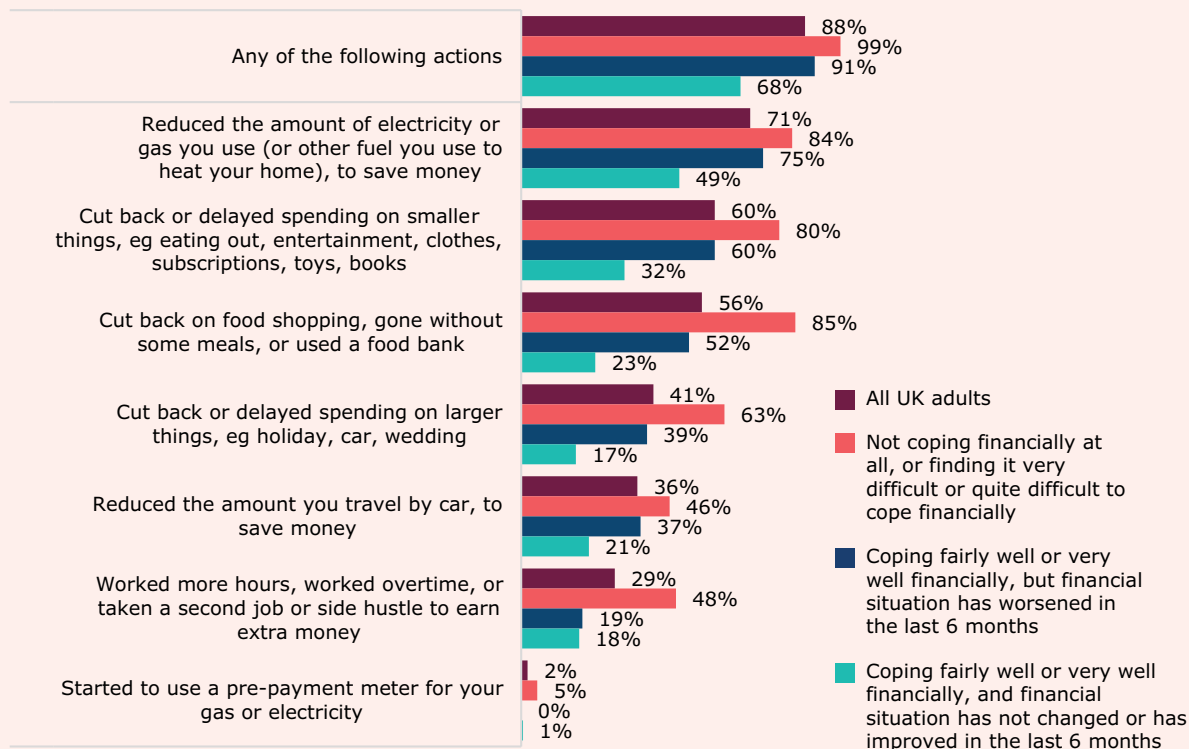


Actions taken due to the rising cost of living

Most people (88%) had taken one or more of the actions listed in Figure 4.28 in the six months to January 2023, to try and protect themselves against the rising cost of living.

Seven in ten (71%) were heating their home less. Most were cutting back on what they spend on food (56%), on travel by car (36%), and/or on other smaller (60%) or larger (41%) expenditure.

Figure 4.28: Actions taken due to the rising costs of living, by the extent to which adults' financial situation has changed in the last six months and how they are coping financially (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q5. Thinking about your day-to-day spending: in the last 6 months, have you done any of the following, due to the rising cost of living?

One in eight (12% or 6.4m) had cut back to the point of missing some meals, as they could not afford them; 4% had used a foodbank – specifically due to the rising cost of living.



When the TV is off, I switch it off at the plug. We use electric fan heaters for 10 minutes in the morning while getting dressed to only heat that one room and not the whole house. I've been collecting the yellow sticker food to keep food costs down. There's no money left for treats. I have to budget so that every pound is used wisely.

(Female, 25-34)



I've stopped buying stuff that I would normally. I don't buy bread or fruit. I eat mainly cereal. I don't even put the lights on. I've got a hot water bottle as well.

(Female, 45-54)



Three in ten (29%) adults had taken on more work in the six months to January 2023, either extra hours or over-time, or they had taken on a second job or developed a 'side hustle'. Adults most likely to have done this included: students ([50%]), ethnic minorities (48%), and those aged 18-34 (44%).

One in fourteen (7%) non-retirees aged 50 or over said they had delayed their retirement plans due to the rising cost of living.

Story 4.4: George

Put off retiring due to rising costs

George is 60, divorced, and working freelance in the IT sector.

George has had a few difficult years as he was furloughed during Covid-19. This, coupled with his daughter's recent wedding, depleted his savings. He still has a large mortgage, which he took out after his divorce about 10 years ago. He planned to pay off large chunks in the run-up to retirement. However, both his mortgage costs and living costs have risen significantly and he now feels that he will be working for much longer than he expected.

“

I was hoping to work up until maybe 65. I'm looking at working until 70 now, unless I can do something about the mortgage. I don't expect interest rates to come down. I think it's going to get worse before it gets better.

”

He took some tax-free cash from a pension, which has subsequently performed well and is back to where it was before the withdrawal. Now that interest rates are increasing he is wondering if he should take some more, to pay off the mortgage.

“

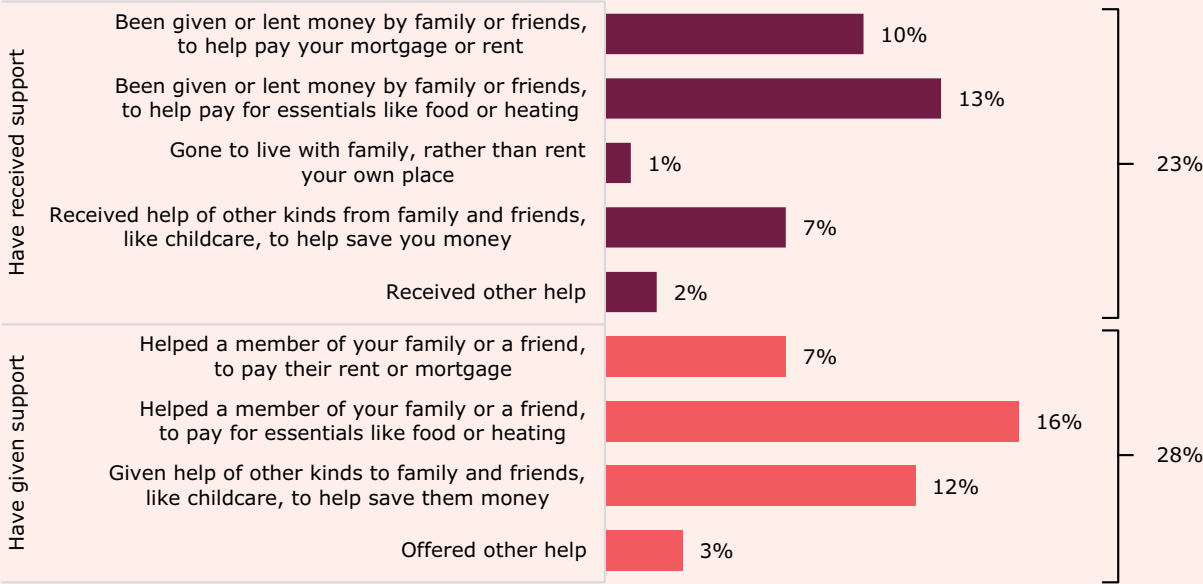
At the start of lockdown, I did take a tax-free withdrawal from my pension pot. But fortunately, over the next 12 months or so, it recovered that amount of money through the investment, which I was really impressed with. I'm currently having a conversation with a financial adviser about drawing down more from the pension to pay some, if not all, of the remaining mortgage loan. It might be worth it with 6.9% interest rates. I'm old enough to remember 16% interest rates.

”

How people are supporting each other

Nearly a quarter (23%) of adults had been supported by family or friends in the six months to January 2023, including being given or borrowing money. This includes 13% of adults who had been given or had borrowed money to pay for essentials like food or heating. It also includes 10% of adults who had been given or had borrowed money to help pay their rent or mortgage.

Figure 4.29: Receipt of support from friends or family members and provision of support to others (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey Base: All UK adults (Jan 2023: 5,286) Question: Q18. Thinking about friends and family supporting each other... In the last 6 months, have you done any of the following?

In our qualitative research discussions, respondents talked about how families were coming together to help, by giving money when needed, but also by buying food or paying for fuel or treats.



It's worked out okay as we're quite a close family. I've had a couple of family members that I've helped out with small amounts, usually less than £50, as they'd run out of money: just to bridge the gap until their next payday.

(Female, 25-34)





When I shop in Aldi if there is an offer, I always pick one up for my daughter. I don't expect her to do it for us. I suppose we've been used to not having any money, but I think that my daughter and her partner struggle because they're young and they haven't been through it before.

(Female, 55-64)



Others had avoided telling their family and friends how much they were struggling financially – partly because they were aware that everyone is finding it difficult; partly because they felt ashamed to admit they were in that situation.



I wouldn't want to worry my sons at all. They've got enough on their plate.

(Female, 55-64)



As an adult child, you don't want to rely on your parents. It was very kind of my dad to help out for that one month. But he's a pensioner with his own bills.

(Female, 25-34)

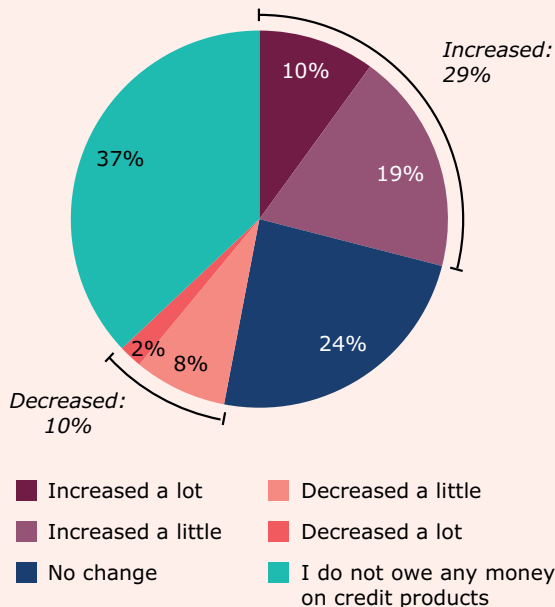


Impact of the rising cost of living on debt and over-indebtedness

Change in unsecured debt levels

We asked adults to say how the total amount of debt they owe on credit products changed in the six months to January 2023. We defined this as any debt owed on credit cards or store cards, store credit, personal loans of all kinds, and overdrafts, but not to include mortgage debt or money owed on 'Buy Now, Pay Later' arrangements. The results are shown in Figure 4.30.

Figure 4.30: Change in total amount of debt owed on credit products over the last six months (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q13. Overall, how would you say that the total amount of debt you owe on credit products has changed over the last 6 months?

Three in ten adults (29%) saw their unsecured debt increase over the six months to January 2023 (10% by a lot and 19% by a little).

In the last year, my debts have spiralled. Normally I would have had the credit card paid off at the end of every month, unless there was a really big purchase made. But I think there's about a thousand pounds sitting on the credit card at the minute.
(Male, 35-44)

I've got two credit cards. They had built up more than I wanted, and I took out a loan as the interest on the loan was cheaper than the cards.
(Female, 25-34)

Just one in ten (10%) saw their debt decrease over the six months to January 2023 (2% by a lot and 8% by a little).

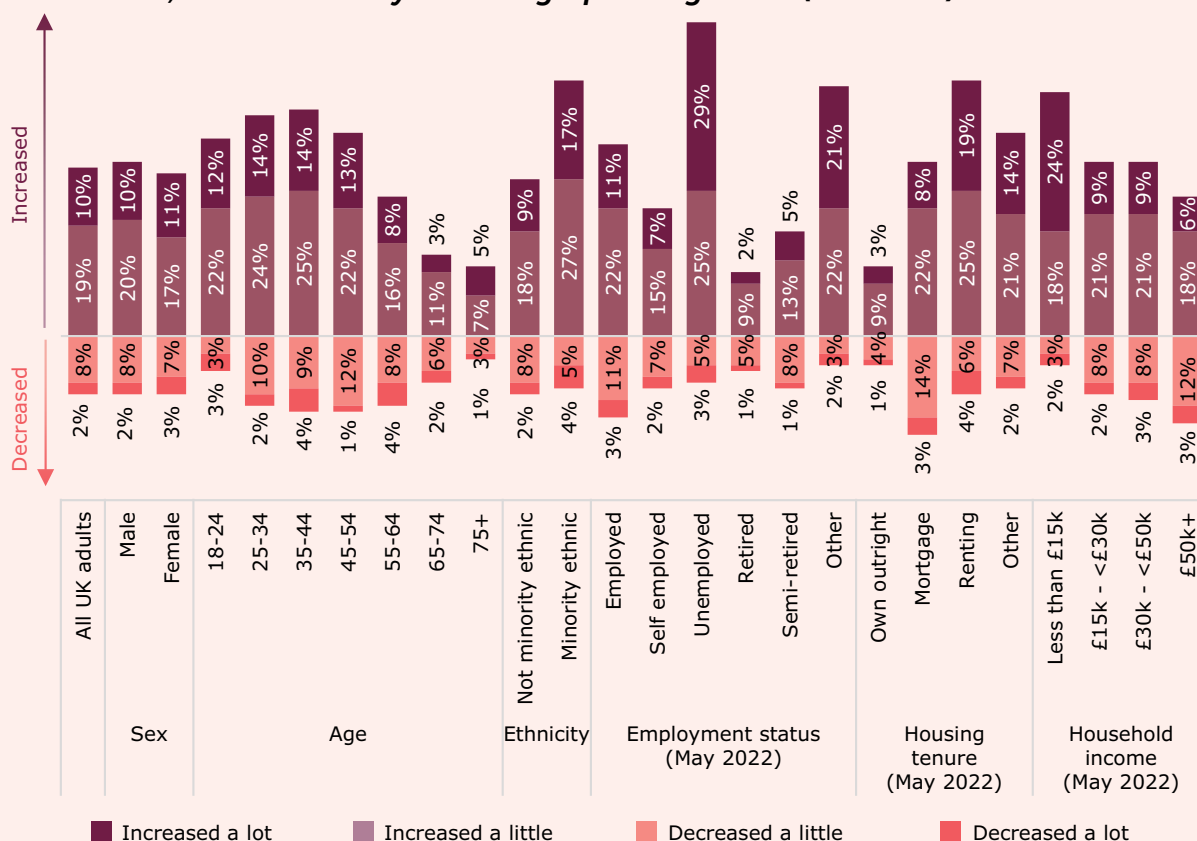
I have two credit cards, both of which I chopped up. I want to pay them off and then close the accounts. I can't control the rent going up, but what's within my control is paying off my credit cards as soon as possible.
(Female, 25-34)

One in four (24%) said the amount of unsecured debt they have had stayed about the same in this period, and three in eight (37%) did not have any unsecured debt in January 2023.

Figure 4.31 compares the proportion of adults whose unsecured debt increased in the six months to January 2023, with the proportion whose unsecured debt decreased, across a variety of demographic segments.

Those most likely to have seen their unsecured debt increase in this period were the same groups we reported on earlier who were not coping financially at all or were finding it difficult to cope, namely: adults who were unemployed in May 2022, or who were not working because they were a student, permanently sick, temporarily sick, looking after the home, or a carer; adults in low-income households; adults from minority ethnic groups, and renters.

Figure 4.31: Change in total amount of debt owed on credit products over the last six months, across a variety of demographic segments (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q13. Overall, how would you say that the total amount of debt you owe on credit products has changed over the last 6 months? **Note:** Not shown in figure are the 24% of all UK adults who said their debts have stayed about the same and the 37% who said they don't owe any money on credit products.

Spotlight 4.2:

Deferred payment credit – growth in users from 17% of adults in the 12 months to May 2022 to 27% in January 2023

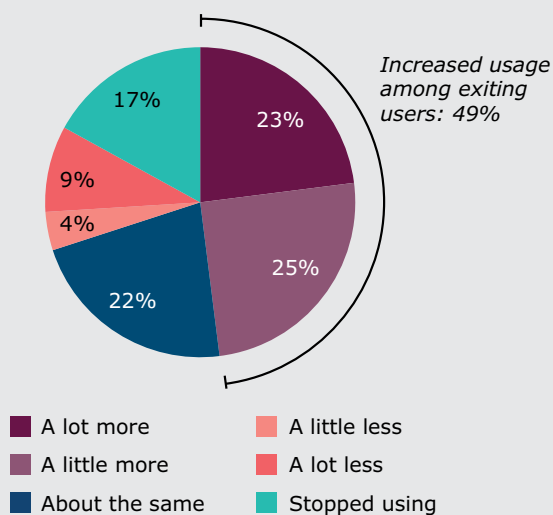
As we reported in Spotlight 2.1, 17% of UK adults (8.8m) had used deferred payment credit (DPC) in the 12 months to May 2022 – DPC is not currently regulated by the FCA, and it is generally referred to as 'Buy Now, Pay Later'.

In January 2023 we asked May 2022 users and non-users about changes in their behaviour. Over May 2022 to January 2023, as Figure 4.32 shows, most existing users continued to use DPC and half of them (49%) used it more. Of May 2022 non-users, 15% had started to use DPC by January 2023.

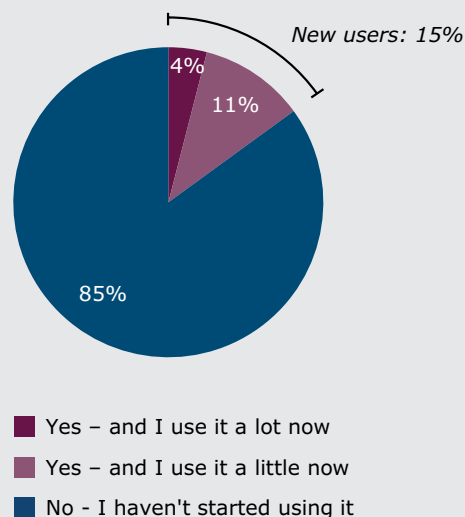
This translates – over May 2022 to January 2023 – into 3% of UK adults stopping their use of DPC and 12% starting to use it. By January 2023, the proportion of users had risen to 27% of all UK adults – or a total of 14.1 million people.

Figure 4.32: Change in use of deferred payment credit in the last six months (Jan 2023)

Change in use among adults who used DPC in May 2022



Change in use among adults who were not using DPC in May 2022¹



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults using DPC in May 2022 (Jan 2023: 692)/All UK adults not using DPC in May 2022 (Jan 2023: 4,594) **Question:** Q10. Thinking about the last 6 months, have you used this way of paying for goods.../Q10a. Thinking about the last 6 months, have you started to use this way of paying for goods. **Note:**¹ We cannot exclude from the base respondents who only used BNPL regulated by the FCA.

In January 2023, the five most common categories of goods purchased using DPC (expressed as proportions of users who had bought or paid for these goods using DPC in the last six months) were: clothes and shoes (48%), electrical goods (37%), home improvements (22%), laptops, tablets or mobile phones (17%), and groceries (13%).

Of adults using DPC in January 2023, 41% had increased their use of other forms of credit since using DPC (14% a lot, and 27% a little). For 33%, their use of other forms of credit had stayed about the same. Just under one in ten (9%) reduced their use of other forms of credit (4% a little, and 5% a lot); 1% stopped their use, and 17% said they did not use other forms of credit.

“

I've been using the option to buy now and pay within 12 months. My credit levels have been creeping up a bit because there's that sense of affordability as it comes in small chunks. With hindsight maybe I should have been a bit more careful.

(Male, 35-44)

”

Story 4.5: Lucy

Using 'Buy Now, Pay Later' for the first time to help manage the cost of Christmas

Lucy is in her late 50s. She is married with two grown-up daughters, one of whom is still living at home. Lucy used to work at Heathrow airport. Having been made redundant during Covid-19, she now works part-time as a receptionist in a hairdresser's salon, on a zero-hours contract. Her husband Greg works full-time as a self-employed builder.

They have struggled financially in the past. When Greg was out of work a few years ago, they fell behind on their mortgage and a variety of other debts. Despite their both being in work, Lucy and Greg are now struggling with these payments and with money generally due to the rising cost of living.

Lucy's daughters had used BNPL before and they suggested she could use it to spread the cost of Christmas. She felt safe to give it a go, as they had had good experiences. She didn't read the terms and conditions that carefully, but thinks that BNPL is simple to understand. She is aware that there is a penalty for late payment.

“

I used it coming up to Christmas. My daughters have used it in the past, so I knew it from that. When you get to the payment section, it tells you about [provider], so I clicked to see what it was all about. I just saw my options and gave it a go. It was really simple.

”

Lucy feels that BNPL is different from traditional credit (such as a credit card), because it is interest-free. She recognises that it would be easy for her to get into financial trouble as it is so tempting to spend, but so far she has not had to use it again.

“

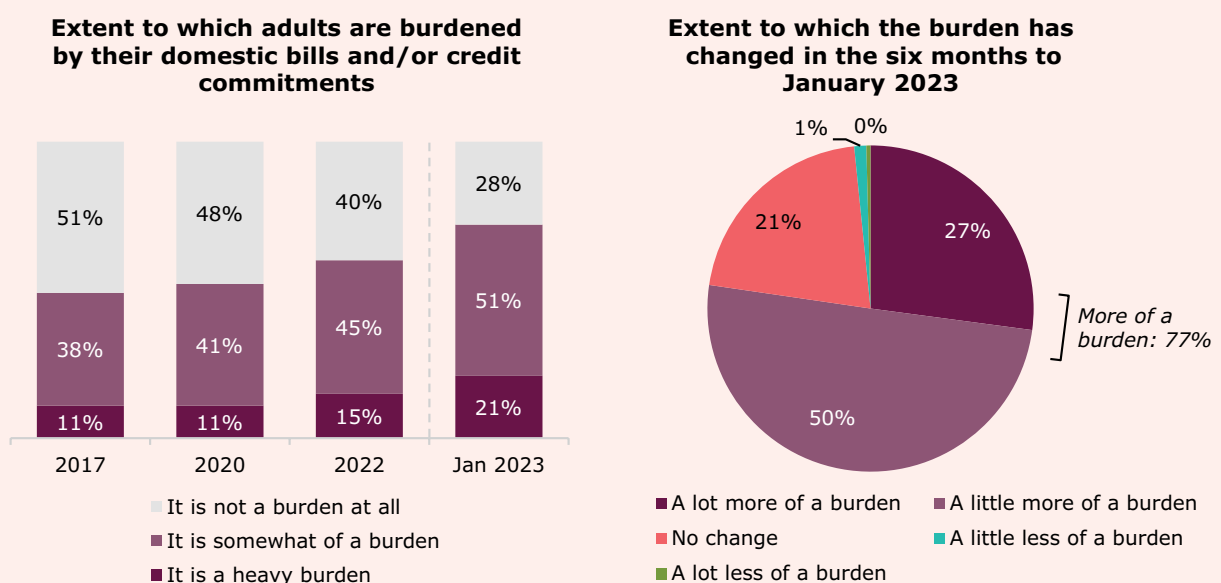
I didn't go mad. I'm talking a couple of hundred pounds. I'm apprehensive about taking on more than I can chew because I've been down that road before and I don't want the stress.

”

Adults who are heavily burdened by their domestic bills and credit commitments

In January 2023, 21% of adults felt that keeping up with their domestic bills and credit commitments was a heavy burden – up from 15% in May 2022. Additionally, 51% felt somewhat burdened – up from 45% in May 2022. Moreover, over three-quarters (77%) of all adults reported feeling more burdened by their domestic bills and credit commitments than they did six months previously. These results are illustrated in Figure 4.33.

Figure 4.33: Burdened by domestic bills and/or credit commitments (2017/2020/2022/ Jan 2023), and extent to which the burden has changed over the last six months (Jan 2023)



Source: FLS/ Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145/ Jan 2023: 5,286) excluding 'don't know' responses (4%/4%/5%/3%/2%) **Question:** K1 (Rebased). To what extent do you feel that keeping up with your domestic bills and credit commitments is a burden?/K1a (Rebased). To what extent has the burden of keeping up with your domestic bills and credit commitments has changed over the last 6 months?

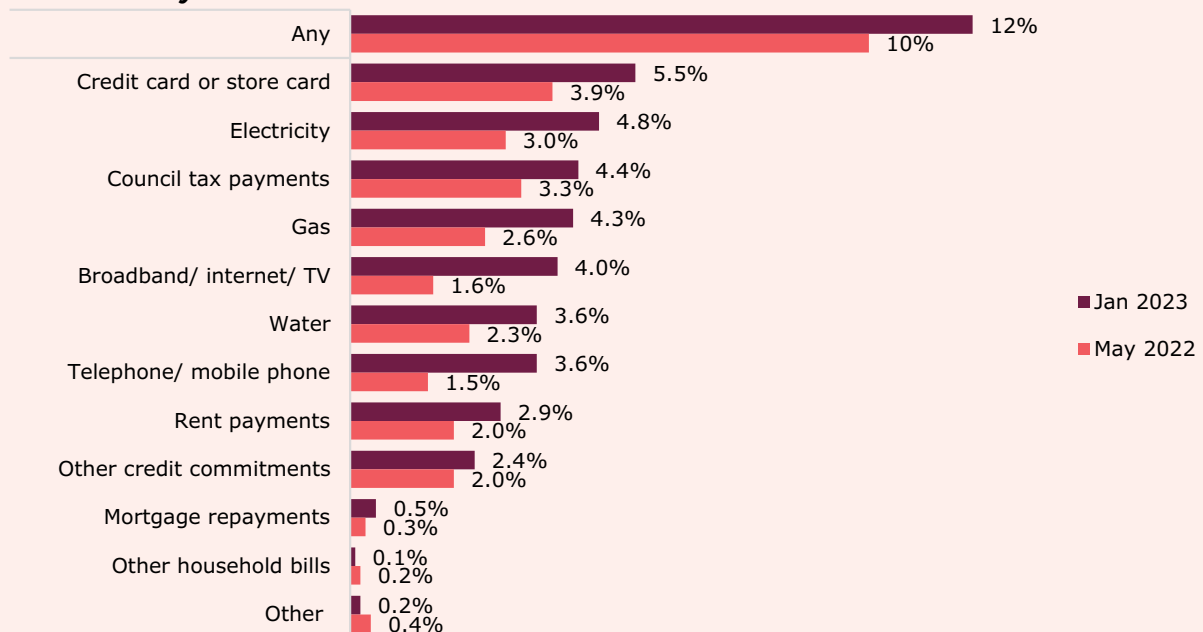
Adults who are in financial difficulty

As of January 2023, a significant minority of adults were in financial difficulty, defined as the 11% or 5.6 million people who had fallen behind on their domestic bills or credit commitments in three or more of the previous six months, compared with 8% or 4.2 million people in May 2022.

An additional 2%, or 1.0 million people, had missed payments in one or two months during the same six-month period. These figures bring the total proportion of adults who had missed bills in the previous six months to 12% or 6.6 million at January 2023 – up from 10% or 5.3 million in May 2022.

Figure 4.34 shows which bills had been missed by what proportions of adults in the six months to January 2023, and to May 2022. The proportion of adults missing their electricity bills, for example, went up from 3% to 4.8% of all adults – an increase of around 60%. For gas bills the results are 2.6% and 4.3% – an increase of around 65%.

Figure 4.34: Fallen behind on, or missed, different types of payments in the last six months (May 2022/Jan 2023)



Source: FLS/ Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (2022: 19,145/ Jan 2023: 5,286) **Question:** K33. Which credit commitments and/or domestic bills have you missed, or fallen behind on, in the last 6 months?

Overall, 0.3 million adults missed a mortgage payment within the six-month period ending in January 2023, which translates to 0.5% of all UK adults and to 1.1% of all adults with a mortgage or shared ownership in May 2022. 0.9% of mortgage holders expected to miss at least one mortgage payment in the next six months, while 2.3% said that they may need to ask their provider to reduce their monthly payments or give them a payment holiday, because they were struggling.

In our qualitative research discussions, respondents told us that their mortgage payments are a top priority, even if it meant going overdrawn or missing other payments.



There is the natural hierarchy, I guess. You try and pay your mortgage as much as you can. And then the council tax and utility bills.

(Male, 45-54)



I've got to a point where I am obviously having to prioritise the mortgage, but I'm always overdrawn in the bank.

(Female, 55-64)



Approximately 9% of renters in the UK had failed to make a rent payment within the six-month period ending in January 2023, which amounts to 2.9% of all UK adults.

During the same six-month period, 6.8% of adults (3.8m) missed one or more credit or loan payments – up from 5.1% (or 2.7m) in the six months to May 2022. By type of credit: 4.8% missed a credit card payment, 1.3% a store card payment, and 2.4% a payment for another credit agreement.

During our qualitative research discussions, many individuals shared that they were struggling financially and often had to juggle their credit payments from one month to the next. They told us they had a good understanding of which creditors were more lenient and were careful to avoid missing certain payments due to the negative impact on their credit score.



Anything that impacts on credit scoring and my credit record, they're all paid.

(Male, 55-64)



What I don't want to do is to run into a debt which appears on my credit history. So, I've been very careful with that. I pay my credit cards on the due date, and I try very hard not to allow them to lapse. I can have a little bit of leeway with the electricity and the gas. I obviously have to pay them, but I can sort of delay it a little bit.

(Male, 75+)



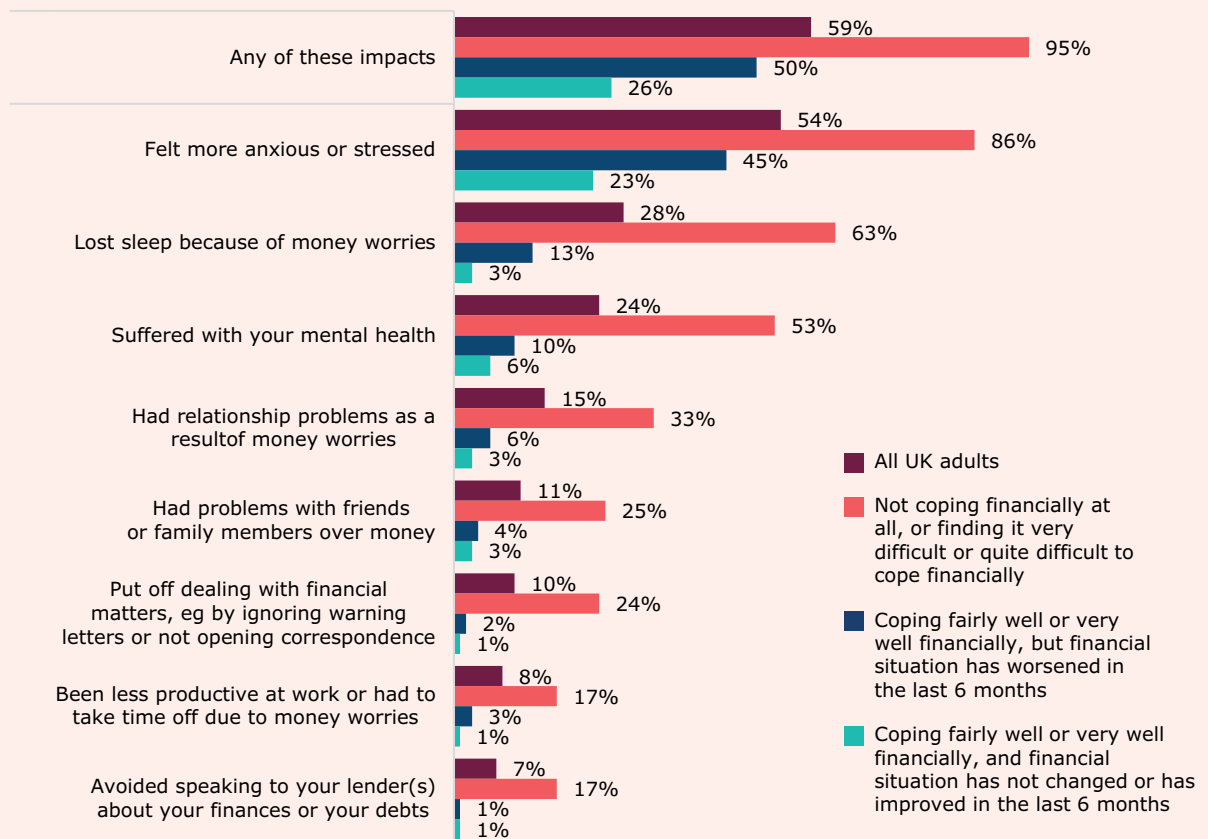
Impact of the rising cost of living on wellbeing

We asked adults how the rising cost of living had affected their wellbeing. Our findings, as shown in Figure 4.35, indicate a significant toll on mental health.

More than half of all adults (54%) – or 28.4 million people – reported feeling increased levels of anxiety or stress due to the cost of living. Just under three in ten (28%) reported losing sleep due to financial worries; nearly a quarter (24%) reported struggling with their mental health, and 15% had had relationship problems as a result of their money worries.

This toll on mental wellbeing and mental health was highest for those not coping financially at all or finding it difficult to cope.

Figure 4.35: Stress-related experiences over the last six months due to the rising cost of living (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) excluding 'prefer not to say' responses (2%) **Question:** Q14 (Rebased). In the last 6 months, have you experienced any of the following, due to the rising cost of living?



We are struggling to keep the heating on and now opt for days without it. I have been secretly skipping meals, so my working partner can eat, as he needs the energy more than me. We have been arguing a lot because the financial stress is exhausting, and my partner's mental health has deteriorated completely from healthy to crisis ... It's destroying our physical and mental wellbeing.

(Male, 18-24)



I spent three years getting myself financially stable after a relationship break-up. I was looking forward to my future ... I feel the future is scary and unpredictable, because I don't know how I'll afford to live ... I'm a single person with a job and no dependants, but I feel financially insecure.

(Female, 35-44)

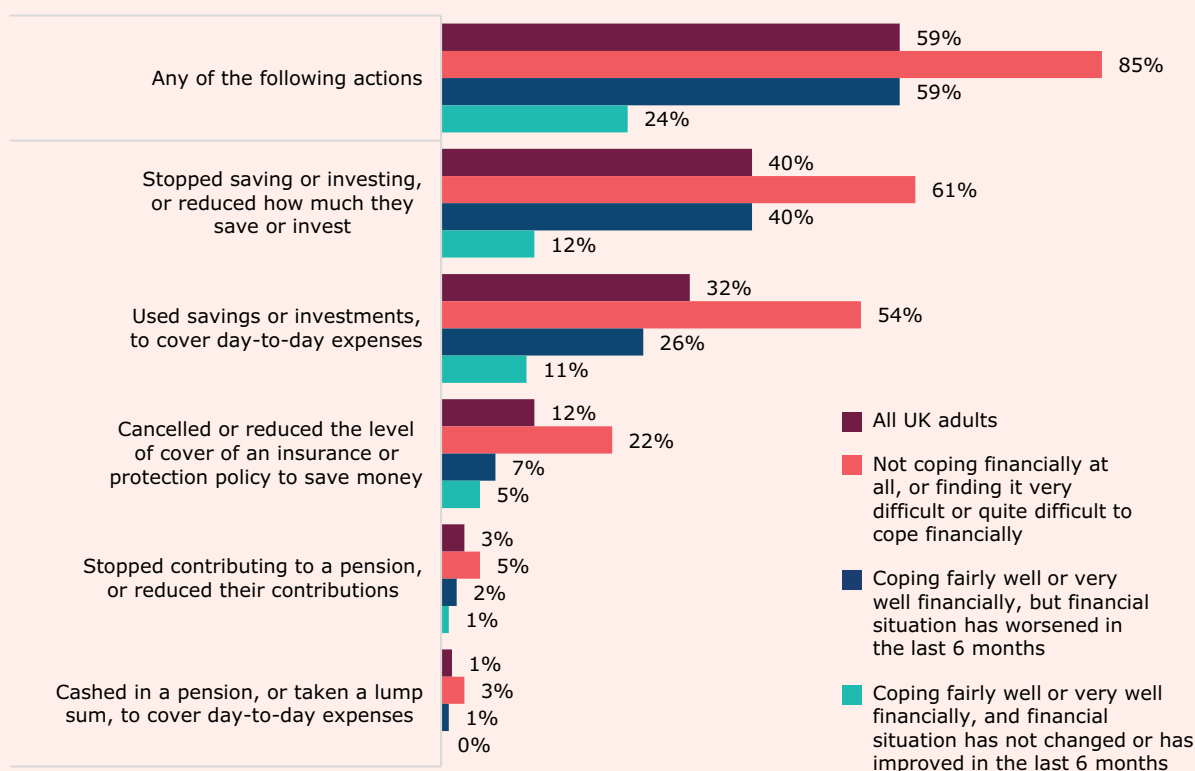


Impact of the rising cost of living on financial product holding

We asked adults in January 2023 whether they had stopped saving, used their savings to cover day-to-day expenses, cut back on their pension contributions, cashed in a pension to cover daily expenses, or cancelled any insurance or protection policies to save money, as a direct result of the rising cost of living.

As depicted in Figure 4.36, three-fifths (59%) of all UK adults had had to resort to at least one of these measures in the six months to January 2023. This number rises to 85% among individuals who were not coping financially at all or finding it difficult to cope.

Figure 4.36: Saving less or cancelling/reducing the level of cover of insurance or protection products, by how adults are coping financially (Jan 2023)



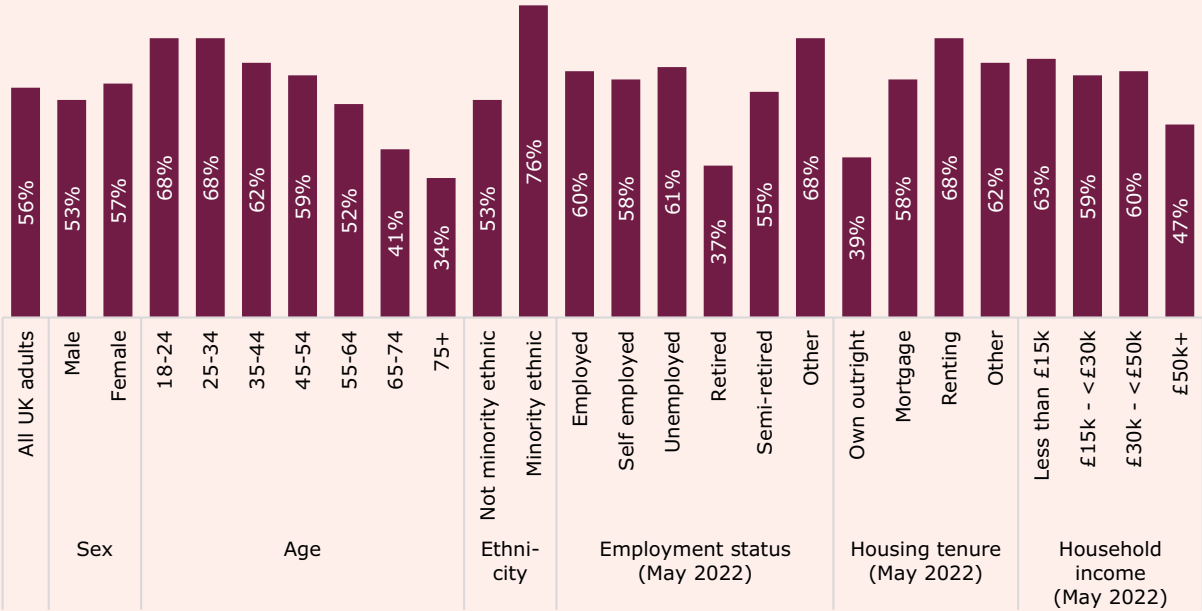
Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q2/Q3 sum. In the last 6 months, have you done any of the following, due to the rising cost of living? **Note:** We only asked adults aged 55+ whether they had cashed in a pension,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

Impact of the rising cost of living on savings and investments

Figure 4.37 shows that, during the six months leading up to January 2023, more than half (56%) of adults had to stop saving or investing, had lowered their saving amounts, or had used their savings to meet their daily expenses – all due to the rising cost of living.

The figure also shows these outcomes for different demographic groups, which are consistent with our earlier findings that certain groups, like adults from ethnic minority groups and renters, were more susceptible to financial difficulties than others.

Figure 4.37: Stopped saving or investing, reduced the amount they save/invest, or used savings or investments to cover day-to-day expenses, across a variety of demographic segments (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults (Jan 2023: 5,286) **Question:** Q2. Thinking about any savings, investments or pensions you have... In the last 6 months, have you done any of the following, due to the rising cost of living?

During our qualitative research discussions, many respondents expressed concern about depleting their savings, due to the rising cost of living. For some, this meant dipping into savings set aside to fund their house deposit, for others, their holiday savings. While acknowledging that this is an unfortunate situation to be in, they felt grateful to have a financial cushion to fall back on.

It is obviously a shame. I think we both feel quite lucky that we do have those savings at all. We are not desperate to get a house straightaway. So, if plans changed, we would be okay with going with the flow. So, we are lucky in that sense.

(Female, 25-34)

Saving has gone out of the window. We are just trying to keep the ship afloat. We were saving for a holiday, or for future projects. Now we are digging into the savings and not putting anything back. We used to put money aside in the kids' accounts but that is going to the bottom of the list.

(Male, 35-44)

Others were in a more precarious position, aware that draining their emergency funds was leaving them susceptible to unforeseen financial shocks. While their savings acted as a welcome buffer against the rising cost of essential items, they were apprehensive about how they would manage once their savings were exhausted.

“

I had a small amount of savings and they've gone. There's literally nothing to fall back on if an emergency comes up.

(Female, 25-34)

”

“

When I have absolutely zero savings and can't manage, what then do I do? And that is beginning to worry me because if I don't get a job soon, then that's around the corner.

(Female, 55-64)

”

“

Food is definitely more expensive – this means I have to use my savings for everyday expenses. In about a month or so, I will have no savings at all. I'm worried how I will cope, as I am unemployed. As I have a small occupational pension, I am not entitled to Universal Credit.

(Female, 55-64)

”

Story 4.6: Tamar

Dipping into savings that were set aside as a deposit for a house

Tamar is in his early forties, married, with four young children, including new-born twins. He works full-time as a university lecturer. Currently renting, he had hoped to buy a home in the near future.

Tamar is not coping financially. His bills have gone up a lot and they are struggling. He has looked carefully at his finances and tried to reduce his spending as much as possible. He feels there is not much more he can cut back on. They have to keep the house warm because of the new babies. He is reluctant to take on debt as he wants to keep a good credit record for when the time comes to buy a house.

“

I have an overdraft facility and a credit card, but if I use them and I don't pay or delay payments, that obviously affects my credit rating. I'm reluctant to do that. I don't want to disturb my rating.

”

He has money saved from working abroad which he was going to use as a deposit on a house. Now he is having to dip into these savings to meet his day-to-day living costs.

“

We keep an eye on our budget. We've tried to reduce our expenditure, but there's nothing left to cut. So, the only solution is to use my savings.

”

He is thankful he has this nest egg to fall back on but is unhappy that his plans to buy have been put on hold. He doesn't expect the situation to get better any time soon.

“

I'm not expecting the cost of living to reduce. I think that it might increase further. It will be a long-term process, maybe more than five years.

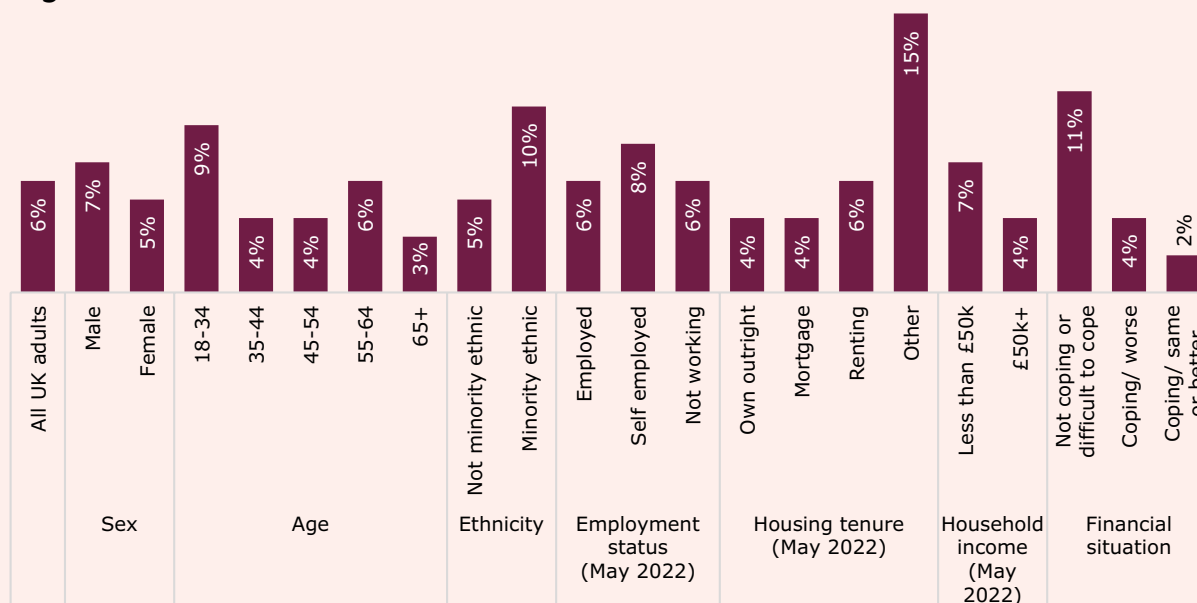
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Impact of the rising cost of living on pension savings

As of May 2022, slightly less than half (46%) of all UK adults were making pension contributions, or their employer was contributing on their behalf – and for the vast majority this was the same in January 2023. However, in January 2023, 6% of these adults reported that they had either stopped contributing entirely or had reduced their contributions in the past six months, attributing this to the rising cost of living. This amounts to 3% of all UK adults, or 1.5 million individuals.

Figure 4.38 shows the proportion of active pension scheme members who stopped contributing to their pension or reduced their contributions in this period, across a variety of demographic segments.

Figure 4.38: Active pension members who stopped contributing to a pension or reduced their contributions in the last six months, across a variety of demographic segments (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults who were contributing to a pension in May 2022 (Jan 2023: 2,396) **Question:** Q2. Thinking about any savings, investments or pensions you have... In the last 6 months, have you done any of the following, due to the rising cost of living?

Pensions have been less affected by the rising cost of living than other savings. Even among active members who were not coping financially at all in January 2023 or finding it difficult to cope, only one in nine (11%) had either reduced or stopped contributing to their pension.

In our qualitative research discussions, we delved into the reasons why individuals continued to contribute to their pension despite facing financial challenges. Firstly, some individuals did not consider stopping pension contributions to be an option, as these are deducted from their pay packet directly, and they did not think of this money as additional income available to spend. Secondly, they recognised the importance of planning for their retirement. Lastly, they felt that the amount they were contributing was relatively insignificant and would not make much of a difference.

//

That's one of those things I ignore. Like it's set up by work and it comes out before tax. So, what I see coming into my bank on payday is already less my pension. So, it's easy to forget about that.

(Male, 18-24)

//

//

I want to be okay when I'm older and I don't work anymore. When I hit retirement age, I don't want to struggle then. I think I only pay 5% into my pension, which isn't a heck of a lot.

(Female, 25-34)

//

//

If my hours go down, then I might think about that. But I'm definitely of the opinion that, whilst I can afford it, it's worth it.

(Female, 25-34)

//

Additionally, some respondents acknowledged the value of employer contributions.

//

Where I work, I put 4.5% in, and they put 7% in. So, if I didn't put anything in, they wouldn't put anything in. It would be a false economy in the long run to do that.

(Male, 55-64)

//

Self-employed individuals valued the flexibility to adjust their payments to suit their financial situation.

//

It's my own business and I had a business model where I put about 10% of what I earned into a pension, but in the end I was just finding that 10% was just too much. I needed the money to help buy shoes for the kids or get them clothes and stuff. So, now I just do a fixed amount per month and it's only like £5 or so. It's very low. But I want to be able to keep putting a little bit in just to hope that it builds up. Every little bit helps.

(Female, 25-34)

//

Finally, 6% of those adults aged 55+ who had a DC pension in accumulation in May 2022 said that they had fully encashed their pension, or taken out a lump sum, to cover day-to-day expenses due to the rising cost of living. This equates to 1% of UK adults, or 0.3 million people.



I'm coping by taking cash out of the pension to cover the additional costs. Most of that is to pay for my own cost of living increases, a few utilities, and the rest is supporting my son and daughter through the accommodation costs of university.

(Male, 55-64)



Impact of the rising cost of living on ownership of insurance and protection products

In the six months to January 2023, one in eight adults (13% or 6.2m) who were insurance or protection policyholders in May 2022 cancelled at least one of their policies (8% or 3.6m) and/or reduced the level of cover on at least one of their policies (7% or 3.1m), specifically to save money due to the rising cost of living.



I have had to cancel insurances and social outings to make ends meet, to prevent going into debt, along with eating a lot less to make meals go further.

(Male, 35-44)



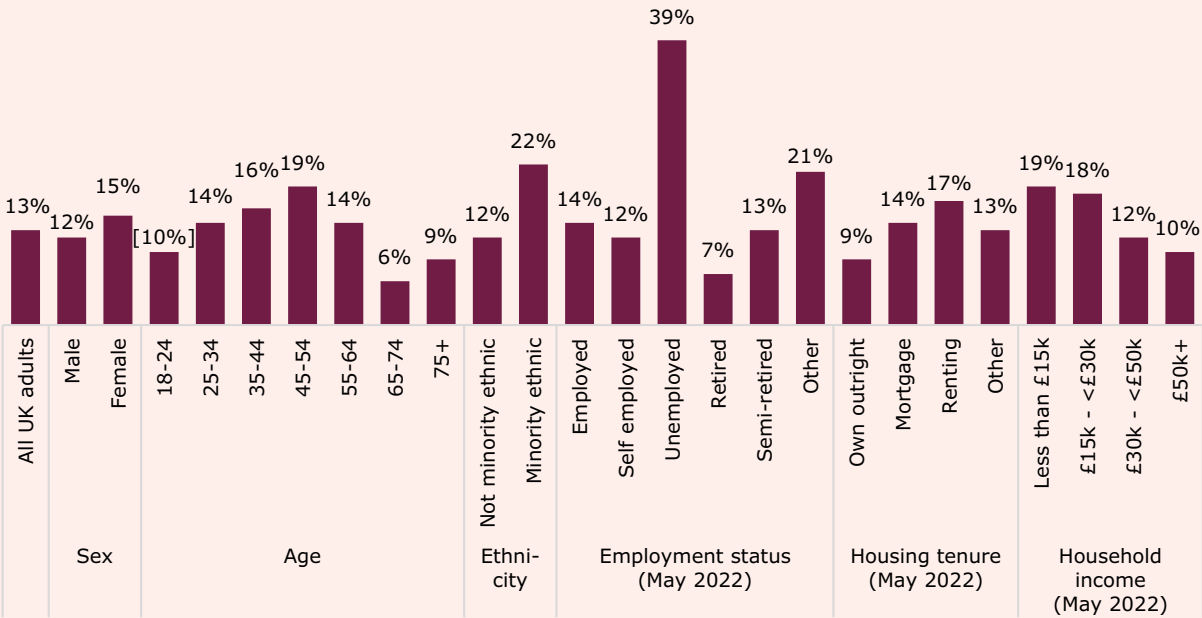
The only noticeable impact for me is the increase in energy costs, which I have negated by cancelling my private health insurance policy.

(Male, 55-64)



Figure 4.39 shows the proportion of existing policyholders who had either cancelled a policy or reduced their level of cover, across a variety of demographic groups.

Figure 4.39: Proportion of policyholders who cancelled or reduced the level of cover on a policy to save money in the last six months, across a variety of demographic segments (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults who had an insurance or protection policy in May 2022 (Jan 2023: 5,006) **Question:** Q3 (Rebased). Thinking about general insurance or protection policies... In the last 6 months, have you cancelled a policy, reduced your cover or changed to a cheaper policy, to save money, due to the rising cost of living?

Figure 4.40 shows, in the left-hand chart, which insurance or protection policies were cancelled to save money in the six months to January 2023, as a proportion of all adults who cancelled a policy in this period.

The most-commonly cancelled general insurance policies were some of the more-niche product lines, such mobile phone insurance (cancelled by 27% of those who cancelled a policy in this period), pet insurance (25%), gadget insurance (21%) and extended warranty (20%). Far fewer cancelled motor or buildings insurance. Nearly a quarter (23%) cancelled life insurance.

In our qualitative research discussions, people talked through how they reviewed their policies to decide which could be cut to save money, and which were too important to cancel.

I even considered [cancelling] the home insurance. I thought, I'm gonna knock that on the head, I can't afford that. But then I thought, God, you know, if anything happens and the place burns down... so I've managed to find a really, really cheap deal for that.

(Male, 55-64)

“

The phone insurance. Touch wood, I just never really break my phone anyway and have a case on it and stuff. So, I save £10 a month and just take the chance.

(Male, 18-24)

”

We also heard some evidence of people looking to save money by reviewing their policies and cancelling duplicate cover.

“

I cancelled my mobile phone insurance. But what I done there, I was quite clever. I say clever, I rung up about our home contents insurance, and queried my policy and actually I am covered away from home for my personal belongings and that included our mobile phones. So, I cancelled my [mobile phone] insurance.

(Female, 55-64)

”

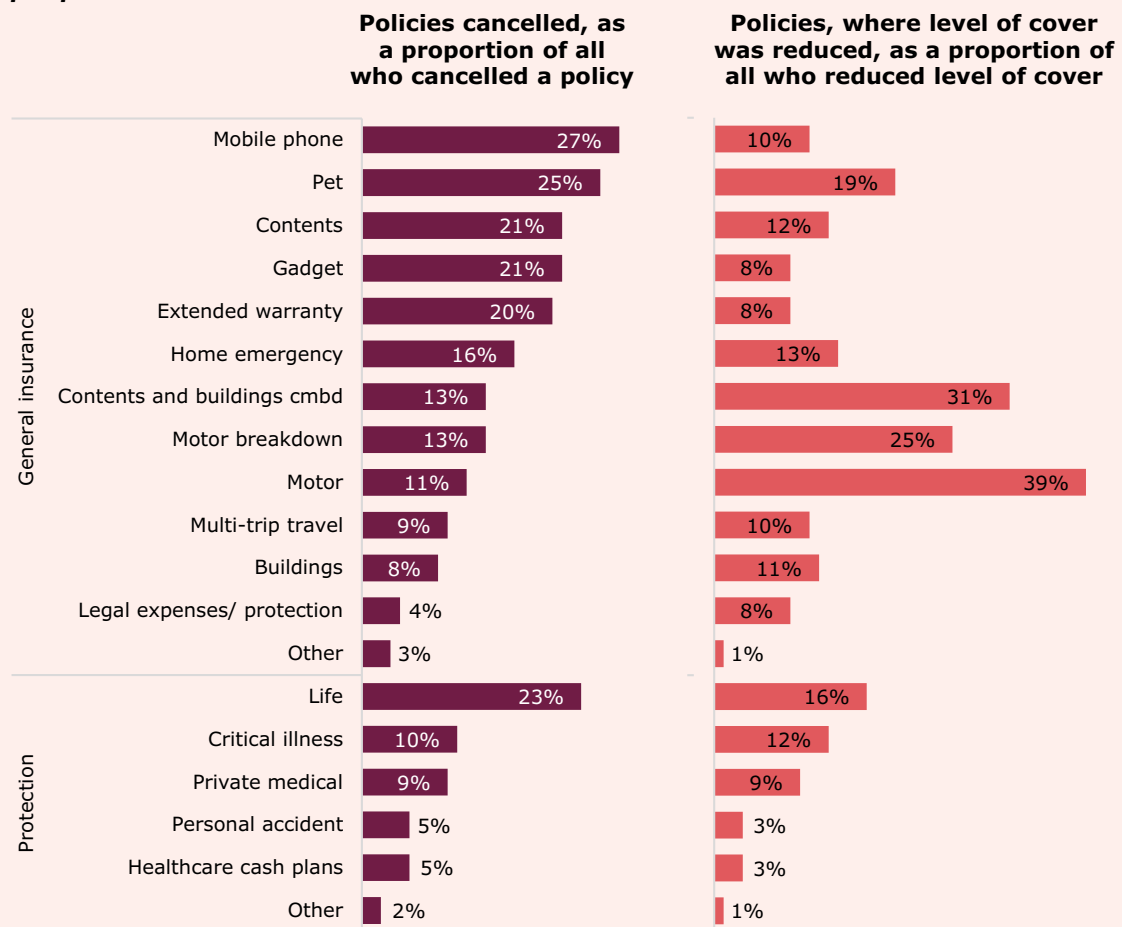
“

We’ve cancelled one for the boiler and pipes – water leakages. We’ve already got cover with the home insurance for home emergencies, so we actually found out we [were] sort of paying two insurances.

(Male, 55-64)

”

Figure 4.40: Insurance or protection policies cancelled, as a proportion of all who cancelled a policy; and policies where the level of cover was reduced, as a proportion of all who reduced their level of cover (Jan 2023)



Source: Financial Lives cost of living (Jan 2023) recontact survey **Base:** All UK adults who cancelled an insurance or protection policy (Jan 2023: 316), or reduced the level of cover (Jan 2023: 311) in the last 6 months **Question:** Q3a-b. Which of the following insurance or protection policies have you cancelled/ reduced the level of cover to save money?

Looking now at the right-hand chart in Figure 4.40: those who reduced the level of cover of an insurance or protection policy to save money were more likely to target their motor insurance (39%), or their home contents and buildings insurance (31%).

“

I had to take my son off the motor insurance ... This means that he doesn't have the chance to drive our car, when he is here with us during the holidays.

(Female, 45-54)

”

“

I've cancelled [my buildings] insurance – so I just have contents insurance now. And I've cancelled my life insurance, because I don't have a mortgage.

(Female, 55-64)

”

Story 4.7: Surina

Vulnerable consumer who is not coping financially and has had to cancel her insurance policies to make ends meet

Surina is in her early 50s, divorced, and lives in social housing. She suffers from a long-term medical condition which causes widespread pain. The pain medication she takes severely impedes her mental faculties and she struggles to concentrate and to work with numbers. Due to her condition, she has had to reduce her working hours, and now works 20 hours a week for a local college.

In May 2022, Surina was not in financial difficulty, but did have low financial resilience. She had very limited savings (less than £500) and could only cover her living expenses for up to one week if she lost her main source of household income. She found keeping up with her domestic bills somewhat of a burden and was repaying an IVA.

When we spoke to Surina in January 2023, she was finding it very hard to make ends meet due to the increased cost of living. To reduce her day-to-day expenses, she had been forced to:

- regularly go without meals
- cut back on food shopping: she no longer buys any fresh food or bread, but does get healthy meals occasionally from her family
- turn off the heating, keep the lights off, and stop using her cooker (she uses an air fryer instead)
- cut back on medical treatments that help to ease her pain
- borrow money from her family (but they don't have much to give)

Surina sat down with her brother to work through her finances to see what expenses she could cut. Her contents insurance, life insurance, and private medical insurance policies were the only real option. It was a choice between having enough money to eat or keeping these policies. She did, however, keep her motor insurance policy as her car is essential to visit her elderly mother.



I'd had to sit down with my brother. So, we looked at what's coming in, and can we reduce anything... It had to be the insurance. I remember, at the time, I thought, God forbid if something happens! I've got nothing.



Surina cancelled all three policies over the phone and was very complimentary about her experiences. She felt that all three providers were helpful, understanding, and dealt with her sympathetically. Her home contents provider and private medical insurance provider both suggested a reduced monthly premium, which Surina still felt was unaffordable. They offered to waive the cancellation fee. She understood she might not be covered for her pre-existing medical condition if she took out medical insurance in the future.

“

When I was on phone to the lady, I was like, I could hardly speak, but I said, I've just got no choice. And she said, I do understand. She said, we've had loads of customers ringing and doing the same, you know. She was lovely. The lady, she waived the [cancellation fee]... All of the insurance companies were lovely.

”

Chapter 5

Access and exclusion

Key facts and figures at May 2022: A minority of UK adults lacked access to basic financial products and services.

In total, 1.1 million adults (2.1%) were '**unbanked**' in May 2022 – down from 1.3 million (2.5%) in 2017. Groups most likely to be unbanked included: Muslims (10%), the unemployed (7%), those who were long-term sick, temporarily sick, looking after the home, or carers (7%), those with no educational qualifications (7%), and those who had a learning difficulty (6%).

12.1 million adults (23%) had **issues accessing a financial product or service** in the two years to May 2022:

- 3.8 million adults were **refused a financial product or service**. This equates to 7% of UK adults, or 15% of those who made an application for a financial product or service in this period. Among applicants, the highest refusal rates were among those applying for payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit ([58%]), arranged overdrafts (42%) or store cards (35%)
- 5.2 million adults were offered a financial product or service at a **price or with terms and conditions they felt to be completely unreasonable**. This equates to 10% of UK adults, or 21% of those adults who made an application in this period. For example, one in six (18%) adults who applied for one or more general insurance products said they were offered a policy at a price, or with terms and conditions, they felt to be completely unreasonable
- 6.8 million adults (13% of all UK adults) **avoided applying for a financial product or service**, because they thought they would not be eligible, they would not be able to afford the product, or their application would be rejected

Almost nine in ten (88%) adults with a day-to-day account **banked online or used a mobile app** in 2022 – up from 77% in 2017. Adults least likely to bank online or to use a mobile app included those who were digitally excluded (75%), those who were heavy users of cash (57%), and those aged 75+ (35%).

In contrast, **branch use** has decreased significantly for all age groups. In May 2022, of adults with a day-to-day account, just one-third (33%) had visited a branch to undertake banking activities in the previous 12 months, and one-fifth (21%) regularly used a branch (63% and 40%, in 2017, respectively). Adults most likely to regularly use a branch in 2022 included the digitally excluded (42%), heavy users of cash (42%), those with a household income of less than £15,000 (37%), those aged 75+ (35%), and those in poor health (27%). Of adults who had used a branch in the previous 12 months, 24% said their branch location is inconvenient.

Cash remains a vital payment method for many, including the most vulnerable in society. In May 2022, 3.1 million adults (6%) said they paid for everything or most things in cash in the previous 12 months. Over half (52%) of these heavy cash users found it more difficult to withdraw or deposit cash in the two years to May 2022 due to the closure or reduced opening hours of their local branch, Post Office or cash point.

Using digital channels is not an option for all adults. In May 2022, 3.9 million adults (7%) were **digitally excluded** – down from 6.9 million (14%) in 2017. Exclusion is strongly correlated with age: 26% of those aged 75-84 were digitally excluded, rising to 72% of those 85+. Exclusion rates vary by household income, suggesting that some households are experiencing 'data poverty'. One in five (20%) adults in poor health or who have cancer, MS, or HIV infection were digitally excluded.

In May 2022, 8% of internet users, or 3.8 million adults, said their **home internet connectivity** was poor (5% or 2.4m), very poor (1% or 0.7m) or that they have no internet at home or the only internet they get at home is through using their mobile phone (1% or 0.7m).

One in ten (11%, or 5.7 million) internet users did not buy any of the financial products or services they currently hold online because they are **not comfortable buying financial products or services online, or because they prefer traditional channels**.

Looking at **digital payment services**, in the 12 months to May 2022, 91% of adults had made a contactless payment (up from 63% in 2017), 47% had used a mobile wallet (up from 14% in 2017), and 7% a Payment Initiation Service (down from 9% in 2020). 1.6 million adults (3%) said they had ever used cryptocurrency to pay for goods or services.

Open Banking was introduced in January 2018 to increase innovation and choice in financial services and give consumers new ways to access financial services. In May 2022, of adults with a day-to-day account:

- 5.5 million adults (11%) were using a service provided by their bank, building society or credit union that allows them to see in one place the accounts they hold with different banks
- 1.5 million adults (3%) were using an app provided by a company that is not their bank, building society or credit union that allows them to see in one place the accounts they hold with different institutions
- 1.3 million adults (3%) were using an app that builds savings by monitoring their current accounts and/or transactions and automatically transfers funds

Scope

Financial services play a key role in most people's daily lives. Most rely on bank accounts to receive their salaries, to pay bills and to make other financial transactions. Yet a minority lacks access to basic financial products and services. This chapter starts by looking at the proportion of adults who are unbanked and the reasons for this. We also explore awareness of basic bank accounts.

We go on to report on those who were refused products and why they think this happened, on those who have been offered products at a price, or with terms and conditions, that they felt to be completely unreasonable, and on those who avoided applying as they thought they could not apply or would be turned down.

Technology and innovation are changing the way people access essential banking services. We look at the channels adults use to access their day-to-day account and how these are changing over time. We look at how branch closures impact particular adults. And we look at access to cash and explore who are heavy users of cash, and why.

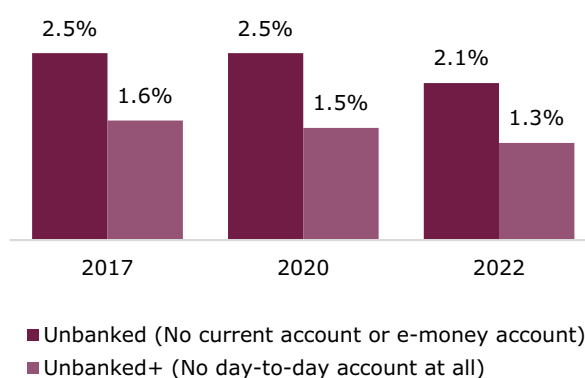
Finally, we discuss access to online financial services. We explore internet use and digital exclusion, attitudes to buying financial products online, and the use of digital payment services and open banking enabled services.

The unbanked

Proportion of adults who are unbanked

We define 'unbanked' adults as those who do not have a current account with a bank, building society, credit union or e-money account institution. As shown in Figure 5.1, the unbanked made up 2.1% of the UK adult population (1.1m) in 2022. This proportion is down from 2.5% (1.3m) in 2017.

Figure 5.1: Unbanked adults (2017/2020/2022)



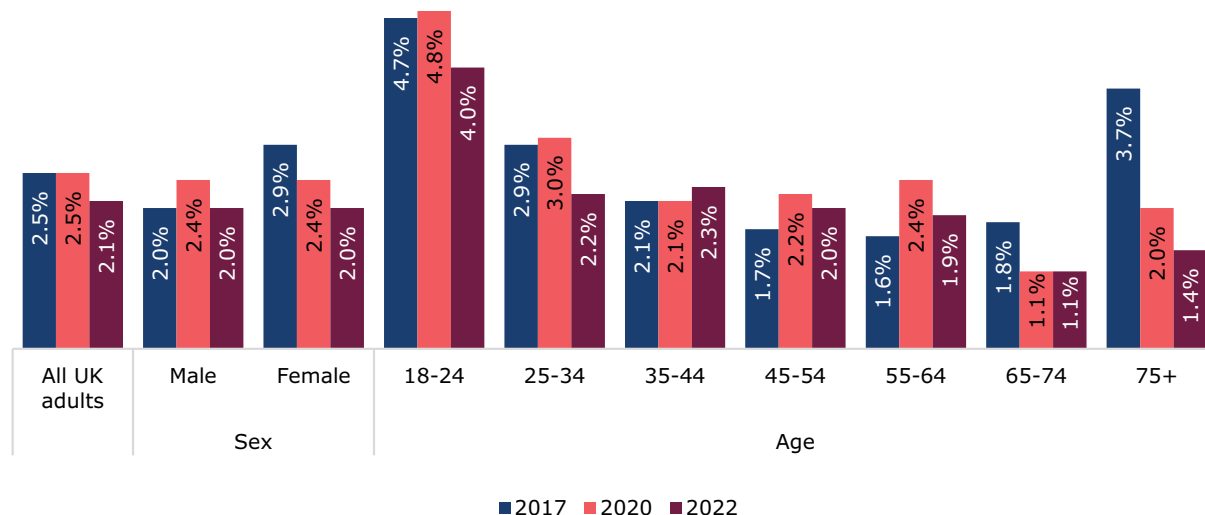
Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

Around two-fifths (38%) of all unbanked adults had other accounts that could be used to make day-to-day payments or transactions: 29% had a savings account with a bank, building society or with NS&I, 8% had a Post Office card account,¹¹ and 6% had a credit union savings account. We describe having a current account or one of these other accounts as having a day-to-day account. Overall, 1.3% (0.7m) of the UK adult population had no day-to-day account in May 2022, lower than in 2017 (1.6%).

11 This was a service that allowed people to receive their State pension, Universal Credit or other benefits. These accounts have now all closed and DWP has not made any payments into these accounts since May 2022.

As Figure 5.2 shows, there is no difference in the proportion of adults unbanked by sex. However, there are differences by age. Of all adults aged 25+, 1.9% (0.9m) were unbanked in May 2022. In contrast, 4.0% (0.2m) of 18-24 year olds were unbanked: they accounted for around one in five (21%) of all unbanked adults.

Figure 5.2: Unbanked adults, by sex and age (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

Looking at this group of 18-24 year olds who are unbanked in more detail: around two-thirds ([64%]) are aged 18-21, and around 44% are economically inactive (eg students, unemployed and not looking for work, long-term sick, or temporarily sick with no job to go to).

Other groups more likely to be unbanked, as shown in Table 5.1, included: Muslims; the unemployed; those who are long-term sick, temporarily sick, looking after the home or carers; those with no educational qualifications, and those with a learning difficulty.

Table 5.1: Demographic groups most likely to be unbanked (2022)

	Unbanked (No current account)	Unbanked+ (No day-to-day account at all)
All UK adults	2.1%	1.3%
Muslim	10%	7%
Unemployed	7%	5%
Long-term sick, temporarily sick, looking after home, carer	7%	5%
No educational qualifications	7%	5%
Definitely have dyslexia, dyscalculia, or dyspraxia	6%	5%
Poor financial numeracy	6%	4%
Digitally excluded	6%	4%
In financial difficulty	6%	3%
Aged 18-21	5%	3%
Low confidence in managing money	5%	3%
Household income <£15,000	5%	3%
Students	4%	3%

Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** POSum1. **CAVEAT**

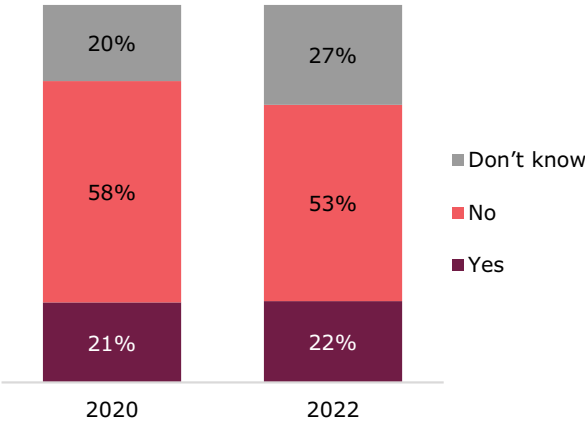
There were higher proportions of unbanked adults in Southern Scotland (6%), Outer London – West and North West (5%), Greater Manchester (4%), and the West Midlands (4%).

There is also a strong link to deprivation, as 3.6% of adults in the most deprived areas of the UK are unbanked, compared with less than 0.6% in the least deprived areas.

Reasons for being unbanked

Figure 5.3 shows that under a quarter (22%) of unbanked adults in May 2022 would have liked to have a current account – unchanged from 2020. Around half (53%) did not want one, and a further 27% were unsure whether they wanted one or not.

Figure 5.3: Unbanked adults who want a current account (2020/2022)



Source: FLS **Base:** All unbanked adults (2020: 303/2022: 270) **Question:** UN3/4/9sum. Right now, would you like to have a current account? **CAVEAT**

There are a variety of reasons why unbanked adults do not want a bank account. For example, because they do not think they need one; because they got into trouble previously with an overdraft; because they think current accounts are too expensive, or because they do not trust the banking system.

Fraud was done to me. My bank didn't look into it. Now I've had no bank for six years.
(Female, 24-35)

Some adults do not have an account, because they are unable to manage their own finances due to having learning difficulties or disabilities.

My grandmother sorts all my finances, as I have learning difficulties.
(Male, 25-34)

I'm unable to manage my finances, as I have autism.
(Male, 18-24)

Another reason is not having the required documentation to open an account. While our sample is too small to profile this group in detail, our results suggest that women, adults who are not working, adults from a minority ethnic background, and adults with one or more characteristics of vulnerability are all overrepresented in it.

As an asylum seeker, it is not easy to open a bank account.
(Male, 25-34)

I had no photo ID to open one.
(Female, 55-64)

Indeed, of all unbanked adults, when asked whether they had ever tried unsuccessfully to open a current account, 16% (0.2m) said that they had – up from 9% in 2020.

Awareness of basic bank accounts

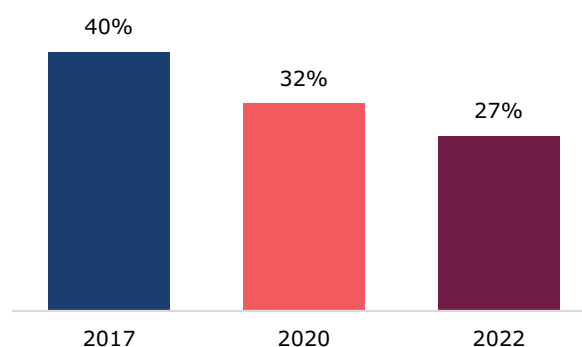
A basic bank account is a simplified form of current account that does not provide an overdraft facility. These accounts are designed for people who do not have a bank account and would not qualify for a standard current account, perhaps because they have a poor credit rating. Banks can reject applicants they consider to be a criminal risk.

As we discussed in Chapter 2 (Product holdings, assets and debts), 4.1 million people used a basic bank account as their main day-to-day account in 2022 – up from 3.7 million in 2020.

Despite this growth, awareness among unbanked adults that the largest banks have to offer everyone a basic bank account remains low, and it fell between 2017 and 2022. These results are shown in Figure 5.4.

In May 2022, just 27% said they were aware that the largest banks have to offer everyone a basic bank account, regardless of their credit rating – down from 40% in 2017.

Figure 5.4: Unbanked adults aware that the largest banks have to offer everyone basic bank accounts (2017/2020/2022)



Source: FLS **Base:** All unbanked adults (2017: 272/ 2020: 303/ 2022: 270) **Question:** UN8. Before today, were you aware that the largest banks have to offer everyone a basic bank account?

Those unable to access financial products

Our Financial Lives survey looks at the incidence of adults who have had issues accessing financial products or services in the past two years.

In total, 12.1 million adults (23% of all UK adults) had issues accessing a financial product or service in the two years to May 2022 for these reasons:

- 3.8 million adults (7% of adults) were refused a financial product or service
- 5.2 million adults (10% of adults) were offered a financial product or service at a price, or with terms and conditions, they felt to be completely unreasonable
- 6.8 million adults (13% of all UK adults) avoided applying for a financial product or service, because they thought they would not be eligible, they would not be able to afford the product, or their application would be rejected

In this section, we look at each of these access problems in turn.

Those refused a financial product or service

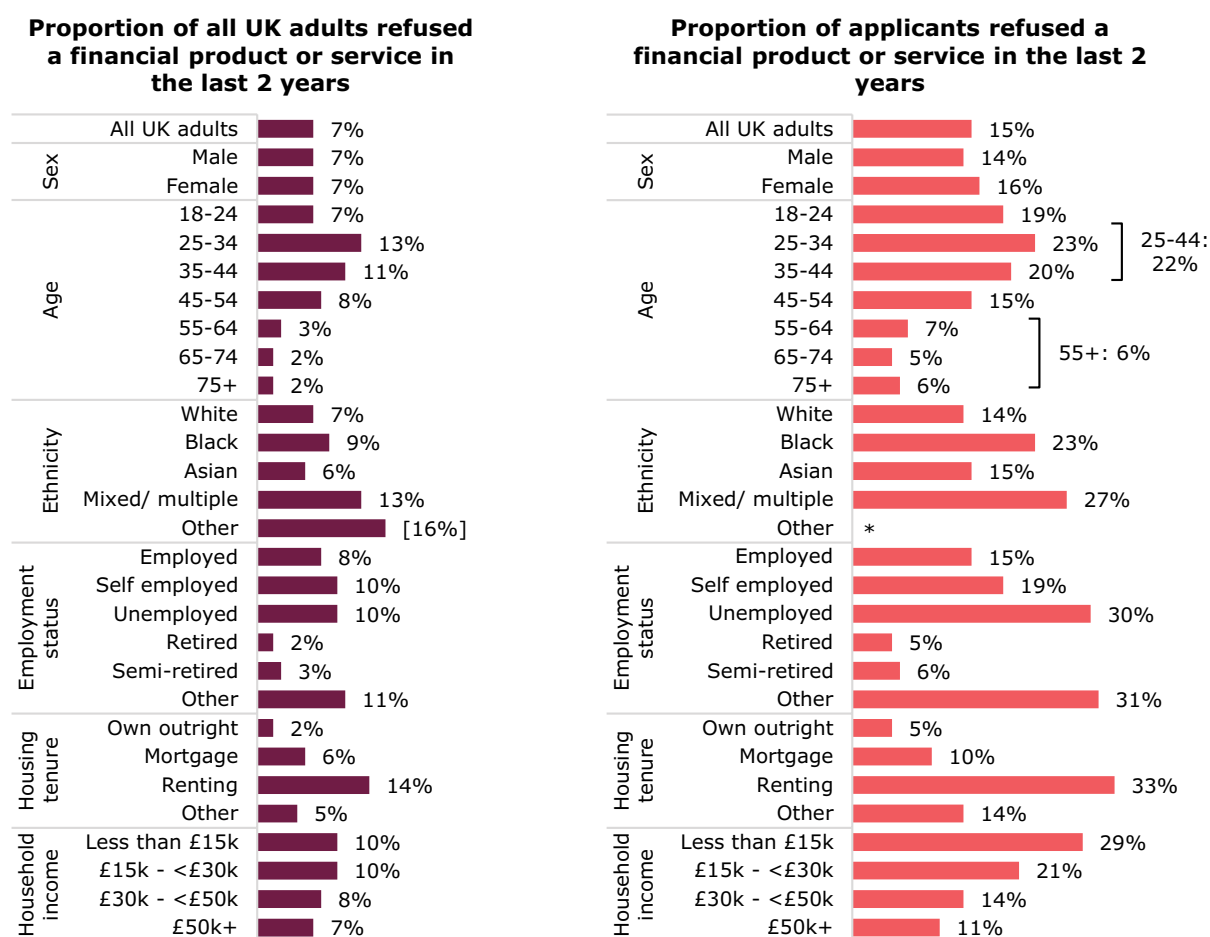
As at May 2022, 7% of adults (3.8m) had been refused one or more financial products or services in the previous two years – unchanged from February 2020 (7% or 3.4m). These

figures represent the incidence of adults who were refused products, not the refusal rate among applicants.

In our 2022 survey – for the first time – we establish the refusal rate among applicants. As half (49%) of all adults had not applied for any financial products or services in the previous two years, the proportion of adults who applied for any financial product or service in this period who had at least one application refused is 15% – around double the proportion of all adults (7%) who had an application refused.

Figure 5.5 shows differences in these 2022 results – for all adults and for applicants – across a variety of demographic segments.

Figure 5.5: Adults refused a financial product or service in the last two years, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (2%)/All UK adults who have applied for a financial product or service in the last two years (2022: 10,161) excluding 'don't know' responses (3%) **Question:** AC1NEW (Rebased). In the last two years, has a financial services provider declined to sell you, or provide you with, any financial products or services? **CAVEAT**

Women applicants were marginally more likely to have had an application refused in this period than men (16% compared with 14%, respectively). By age, refusal rates were highest for applicants aged 25-44 (22%) and lowest for applicants aged 55+ (6%).

One in ten (10%) unemployed adults were refused a financial product or service, but this equates to 30% of unemployed applicants. Likewise, 14% of renters were refused – equating to 33% of renters who applied.

Refusal rates by product

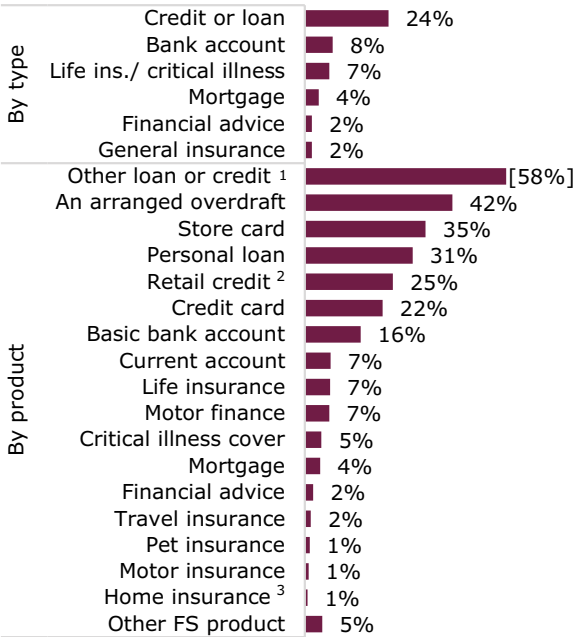
Figure 5.6 shows, by product and service, the proportion of adults who applied who were refused a product or service in the two years to May 2022.

In sum, one in four (24%) adults who applied for one or more credit or loan products in this period were declined.

The highest refusal rates were among those applying for other loans or credit products, namely payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit ([58%]), arranged overdrafts (42%), store cards (35%), and personal loans (31%).

Under one in ten (8%) applicants were declined a current account or a basic bank account; 7% were declined either life insurance or critical illness cover, 4% were declined a mortgage, 2% were declined financial advice, and 2% were declined a general insurance product such as travel insurance, home insurance or motor insurance.

Figure 5.6: Applicants refused a financial product or service in the last two years, by product or service (2022)



Source: FLS Base: All UK adults who had applied for each product in the previous two years (2022: varies by product) Question: AC12/AC1NEW summary. Notes: ¹ Other loan or credit includes payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit. ² Retail credit includes catalogue credit, retail instalment credit or retail hire purchase. ³ Home insurance includes buildings, contents, and contents and buildings (combined) insurance

Adults refused a credit or loan product

Overall, 12.8 million adults (24% of adults) applied for one or more credit or loan products in the two years to May 2022, of whom 2.9 million adults were refused (24% of all adults who made an application in this period).

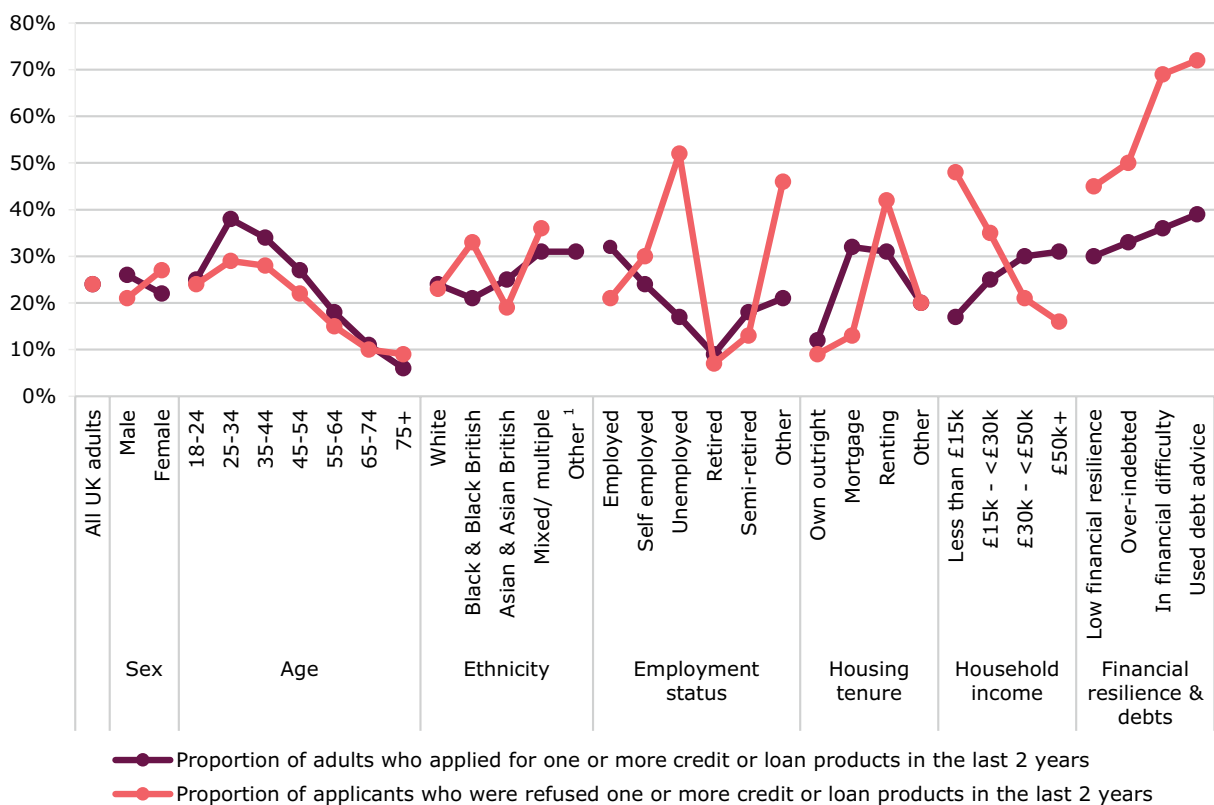
Figure 5.7 shows more details on application rates and refusal rates for any credit or loan product by demographic segment.

Refusal rates among applicants were significantly higher for women than men (27% vs. 21%, respectively), although fewer women than men applied for a credit or loan product in this period (22% vs. 26%, respectively). By age, refusals were highest for applicants aged 25-44 (29%). Adults in this age group were also the most likely to apply for a credit or loan product in this period (36% did so).

By employment status, self-employed applicants were more likely to be refused than employees (30% vs. 21%, respectively). Refusal rates were also higher for unemployed applicants (52%) and for others not in work (such as students, the sick or disabled, and those looking after the home or family or full-time carers) (47%).

We also see a notable difference by household income levels and by people's financial resilience. For example, applicants from households with an annual income of less than £15,000 were three times more likely to have been declined than those from households with an income of £50,000 or more: 48% vs. 16% respectively. Half (50%) of over-indebted applicants were declined, as were 69% of adults in financial difficulty, and 72% of adults who had used a debt advice or debt management service in the previous 12 months.

Figure 5.7: Applicants for a credit or loan product in the last two years and proportion who were refused, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (5%)/ All UK adults who have applied for a credit or loan product in the last two years (2022: 4,400) **Question:** AC12 (Rebased). In the last two years, have you applied for any of the following financial products, even if your application was declined?/AC12/AC1NEW summary. Proportion of those applied who were declined. **Note:**¹ Too few observations to provide percentage results for the proportion of applicants with 'other' ethnicity who were refused. For supporting data, please refer to Volume 15 of the published data tables.

Of the 2.9 million adults who were refused a credit or loan product in this period,¹² under half (45%) were unable to get the credit they needed at all. One in ten (10%) were able to get credit from an alternative supplier, 10% were able to get a similar product but with different terms and conditions, and 7% had to pay extra.

¹² For the small proportion of adults who were declined more than one type of financial product or service in the last two years, we asked them to think about the occasion that was most serious for them.

One in five (19%) who were declined said that they had to borrow from friends or family as a result, 16% cut back on spending, 14% raised money by selling something, 10% saved up until they had the money they needed, and 8% used savings.

One in ten (9%) said being declined resulted in their defaulting on another loan, bill, or payment, and 2% said, as a result, they turned to an informal/unlicensed (ie illegal) moneylender.

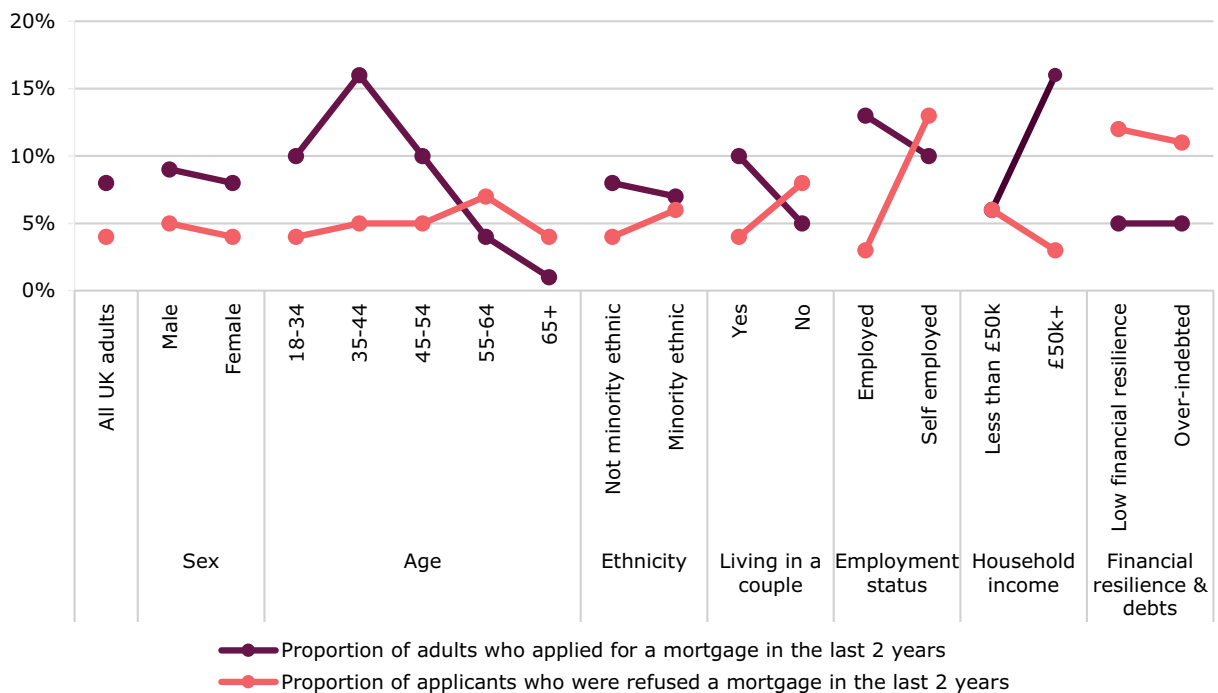
Adults refused a mortgage

Overall, 4.4 million adults (8% of adults) applied for a mortgage product in the two years to May 2022, of whom 0.2 million adults were refused (4% of all adults who made an application in this period).

Figure 5.8 provides more details on application rates and refusal rates for mortgages for a variety of demographic segments. A noticeable finding is that self-employed applicants were much more likely to be refused than those working for an employer (13% vs. 3%, respectively) – highlighting the issue self-employed adults may face when needing to provide proof of a regular income.

Other groups with higher refusal rates included applicants not living in a couple, those with a household income of less than £50,000 a year, and those who were over-indebted.

Figure 5.8: Applicants for a mortgage in the last two years and proportion who were refused, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (5%)/All UK adults who have applied for a mortgage in the last two years (2022: 1,723) **Question:** AC12 (Rebased). In the last two years, have you applied for any of the following financial products, even if your application was declined?/AC12/AC1NEW summary. Proportion of those applied who were declined. For supporting data, please refer to Volume 15 of the published data tables.

Of the 0.2 million adults who were refused a mortgage in this period,¹³ two-fifths ([57%]) were unable to get a mortgage at all. Two-fifths ([41%]) were able to get a mortgage from an alternative supplier, [6%] were able to get a mortgage but with different terms and conditions, and [5%] had to pay extra.

Adults refused a bank account

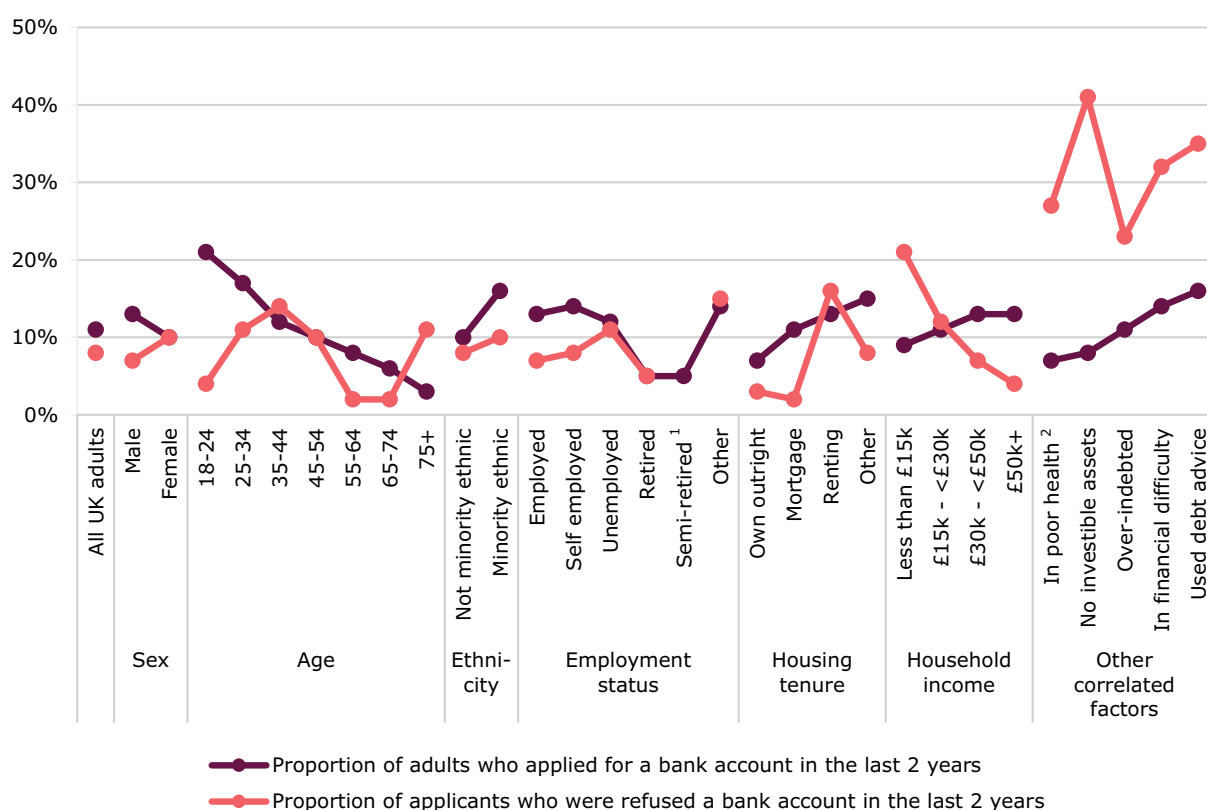
Overall, 5.8 million adults (11% of adults) said they applied for a bank account in the two years to May 2022, of whom 0.5 million adults were refused (8% of those who made an application in this period). These figures include applications for current accounts and basic bank accounts:

- **Current accounts:** 5.3 million adults made an application (10% of all adults), of whom 0.4 million were refused (7% of those who made an application)
- **Basic bank accounts:** 0.9 million adults made an application (2%), of whom 0.1 million were refused (16% of those who made an application)

Figure 5.9 shows more detail on application rates and refusal rates for bank accounts for a variety of demographic segments. Refusal rates were highest for applicants in a poor financial situation – for example, those with no investible assets ([41%]), those in financial difficulty (32%), and those who were over-indebted (23%). Refusal rates were also high for adults in poor health or who have cancer, MS or HIV infection (27%).

13 For the small proportion (13%) of adults who were declined more than one type of financial product or service in the last two years, we asked them to think about the occasion that was most serious for them.

Figure 5.9: Applicants for a current or basic bank account in the last two years and proportion who were refused, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (5%)/All UK adults who have applied for a current account or basic bank account in the last two years (2022: 2,016) **Question:** AC12 (Rebased). In the last two years, have you applied for any of the following financial products, even if your application was declined?/AC12/AC1NEW summary. Proportion of those applied who were declined. **Note:**¹ Too few observations to provide percentage results for the proportion of semi-retired applicants who were refused.² In poor health and/or have one or more of the following progressive conditions: cancer, MS, HIV infection. For supporting data, please refer to Volume 15 of the published data tables.

Of the 0.5 million adults who were refused a bank account in this period,¹⁴ over half ([54%]) were unable to get an account at all, while [31%] were able to get an account from an alternative supplier.

Adults refused a general insurance or protection product

Overall, 18.9 million adults (36% of adults) said they applied for one or more general insurance or protection products in the two years to May 2022,¹⁵ of whom 0.5 million adults were refused (3% of those who made an application in this period). These figures exclude automatic renewals, where a customer rolls over their insurance with their existing provider.

14 For the small proportion of adults (13%) who were declined more than one type of financial product or service in the last two years, we asked them to think about the occasion that was most serious for them.

15 We only asked about applications for the following products: travel insurance, home buildings insurance, home contents insurance, pet insurance, motor insurance, life insurance, and critical illness cover.

The highest refusal rates were for travel insurance, life insurance and critical illness cover:

- **Life insurance:** 1.6 million adults made an application (3% of all UK adults), of whom 0.1 million were refused (7% of those who made an application)
- **Critical illness cover:** 0.7 million adults made an application (1%), of whom less than 0.05 million were refused (5%)
- **Travel insurance:** 6.6 million adults made an application (12%), of whom 0.1 million adults were refused (2%)
- **Motor insurance:** 13.3 million adults made an application (25%), of whom 0.1 million were refused (1%)
- **Home contents and/or buildings insurance:** 11.5 million adults made an application (22%), of whom 0.1 million were refused (1%)
- **Pet insurance:** 2.8 million adults made an application (5%), of whom 0.05 million were refused (1%)

Refusal rates vary little by sex, age, ethnicity or income levels. For travel insurance, life insurance and critical illness cover, refusal rates were, however, much higher for adults with a health condition or illness. For example, 6% of adults who were in poor health or who had cancer, MS or HIV infection applied for travel insurance in the two years to May 2022 – 9% of these applicants were declined. In comparison, 13% of adults neither in poor health nor with any of these progressive conditions applied in the same period – just 1% of applicants were refused.

Of the 0.1 million adults refused travel insurance in this period, just [7%] reported that they were unable to get cover at all. Half ([59%]) had to get cover from an alternative supplier, [31%] were able to get cover but had to pay more, and [8%] were able to get cover but with different terms or conditions.

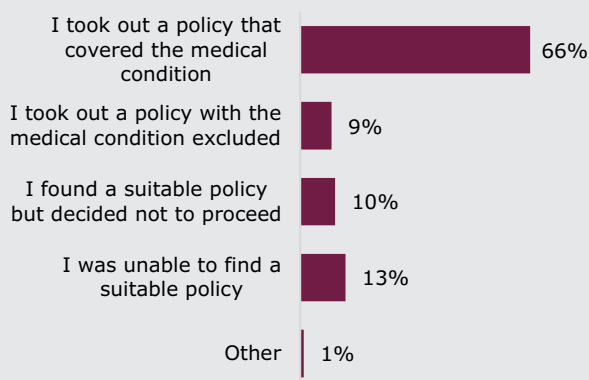
Spotlight 5.1:

Travel insurance covering pre-existing medical conditions – significant minorities are not findings suitable cover

In April 2021, we introduced new requirements to help consumers with serious pre-existing medical conditions (PEMCs) to better access the travel insurance market. In some circumstances, firms that sell travel insurance are required to signpost consumers to a directory of providers who specialise in travel insurance for people with serious medical conditions. Currently, [MoneyHelper](#) and the [British Insurance Broker Association](#) provide directories.

In the 12 months to May 2022, 1.9m adults (4%) looked for a travel insurance policy to cover them for a serious pre-existing medical condition. Two-third (66%) of these adults were aged 50 or over.

Figure 5.10: Outcome for adults who looked for travel insurance to cover a PEMC in the last 12 months (2022)



Around three-quarters (77%) of adults who looked for a policy in the 12 months to May 2022 were able to find a policy that covered their PEMC (66% took out a policy, and a further 10% decided not to take it out).

The remainder were either unable to find a suitable policy or took out a policy which excluded their PEMC.

Awareness and use of the specialist directories was quite low. Just over a quarter (27%) of the 1.9 million consumers who looked for travel insurance to cover a PEMC in this period were aware of the directories, and 7% used at least one of them.

Source: FLS **Base:** All UK adults who have looked for a travel insurance policy that covers a serious medical condition in the last 12 months (2022: 711) **Question:** D52. What was the outcome, the last time you looked to take out travel insurance covering you for a serious medical condition?

We asked adults with experience of looking for insurance to cover a serious medical condition to tell us about this experience in their own words. Some said that the process itself was straightforward, while others said that communicating complex conditions was difficult or unpleasant, sometimes to the point that a consumer will pay more to avoid a discussion about their condition. Several also reported very high premiums.



The process was easy, but the cost was more than the travel costs and car hire costs at the destination.

(Male, 75+)



“

I struggle with getting travel insurance, because of my illness. ... We had booked a cruise to Barbados, and the insurance for me was over £3,000. I did shop around. That was time-consuming, especially when occasionally the technology lets you down or you press the wrong button. There are limitations. You can't just go to any insurer.

(Female, 75+)

”

“

Some were easy – ie you could fill in the questionnaire online and receive a quote at the end of the process. Others said you had to phone and discuss your medical conditions with a member of staff, which feels embarrassing.

(Female, 55-64)

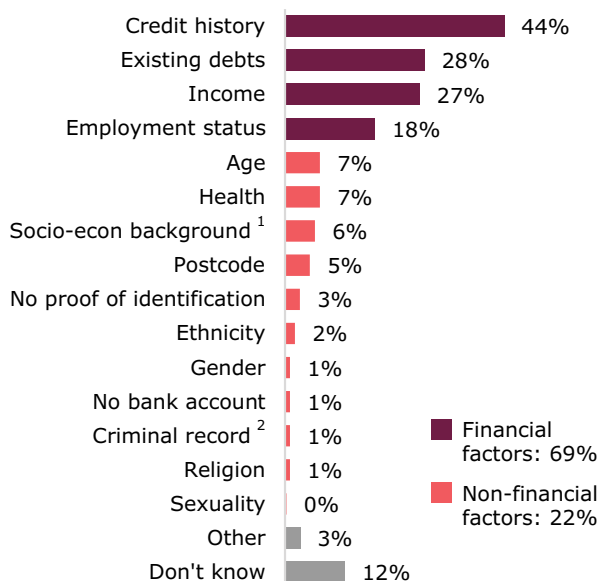
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Factors contributing to being declined

Adults who were refused a product told us whether they think their personal circumstances contributed to this. The results are shown in Figure 5.11.

Overall, seven in ten (69%) attributed the refusal to financial factors, such as their credit history or existing debts. This is because credit applications account for a large proportion of all refusals, and credit applicants often attribute the refusal to one or more financial factors (79% do so).

Figure 5.11: Factors contributing to being declined (2022)



Source: FLS **Base:** All UK adults who have been refused a financial product or service in the last two years (2022: 1,194) **Question:** AC9. Do you think any of the following circumstances contributed to your being declined? **Note:**¹ Socio-economic background explained as 'a combination of your income, occupation and social background'. ² Criminal record explained as 'your criminal record or a household member's criminal record (any unspent criminal convictions you, or other people in your household, have)'.
However, one in five (22%) thought non-financial factors were involved:

However, one in five (22%) thought non-financial factors were involved:

- Those who thought their age contributed to being declined were most likely to be 65+ (30%). Age was most-commonly cited as a contributory factor by those applying for insurance (13%)
- One in five (21%) adults in poor health and/or who had cancer, MS or HIV infection who were refused a product in this period thought their health was a contributory factor. For half, the refusal related to an insurance or protection product
- Less than one in ten (8%) minority ethnic adults who were refused a product in this period think their ethnicity was a contributory factor
- A small proportion ([4%]) of homosexual, gay, or lesbian adults thought their sexuality contributed to being declined

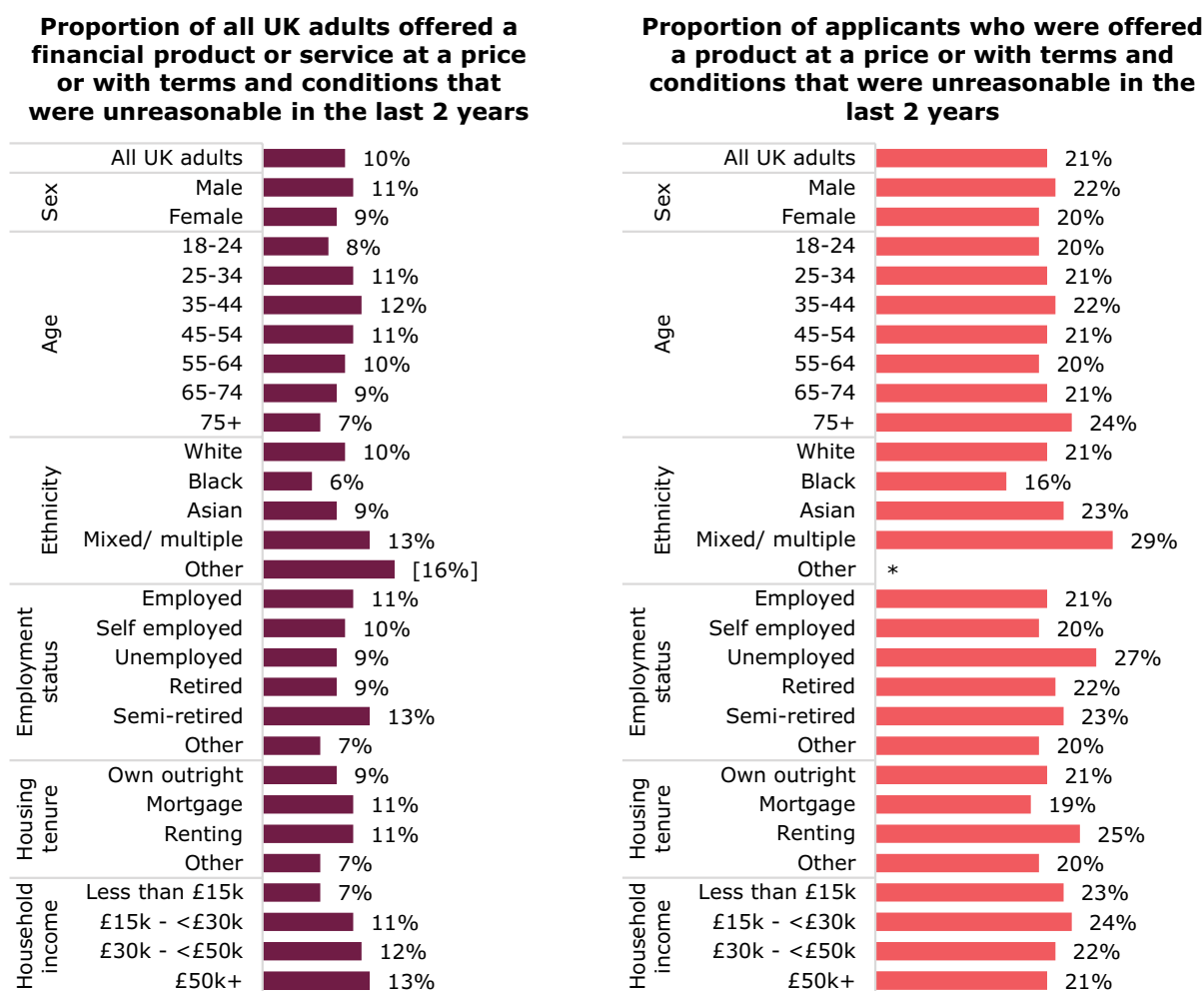
Those offered a financial product or service, but at a price, or with terms and conditions, felt to be completely unreasonable

Some consumers were not declined outright for a product, but were offered one at a price, or with terms and conditions, they felt to be completely unreasonable. In total, 10% of adults (5.2m) said they had been in this situation in the two years prior to May 2022 – up from 7% (3.5m) in 2020.

These figures represent the incidence of all adults who have been offered a product at a price, or with terms and conditions, they felt to be unreasonable, rather than the rate among applicants. Indeed, if we only look at those adults who applied for one or more financial products or service in this period, the proportion affected doubles to 21%.

Figure 5.12 shows differences – in these 2022 results – for all UK adults and for applicants across a variety of demographic segments.

Figure 5.12: Being offered a financial product or service at a price, or with terms and conditions, felt to be completely unreasonable, in the last two years, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (3%)/All UK adults who have applied for a financial product or service in the last two years (2022: 10,161) excluding 'don't know' responses (6%) **Question:** AC7 (Rebased). In the last 2 years, have you been offered any of the following financial products or services that you wanted, but at a price, or with terms and conditions, that you felt to be completely unreasonable? **CAVEAT**

Figure 5.13 shows the proportion of adults who in the two years to May 2022 were offered different products or services at a price, or with terms and conditions, they felt to be completely unreasonable.

In sum, one in six (18%) adults who applied for one or more general insurance products in this period said they were offered a policy at a price, or with terms and conditions, they felt to be completely unreasonable. Motor insurance (18%) and home insurance (12%) had the highest reported rates.

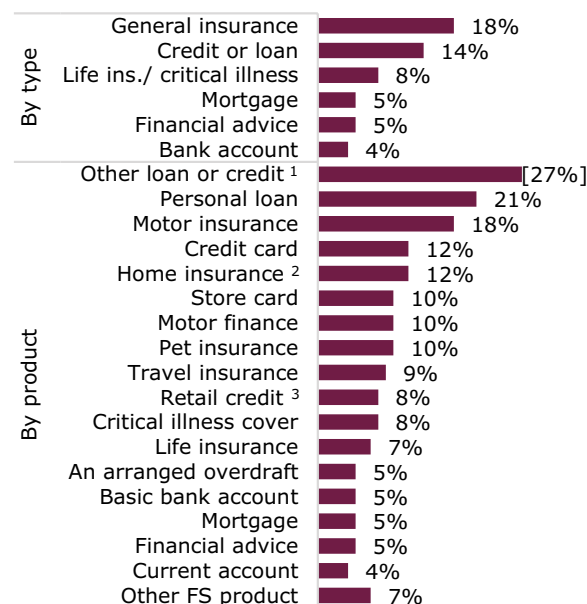
One in seven (14%) credit applicants said they were offered a credit or loan product at a price, or with terms and conditions, they felt to be completely unreasonable. High-cost credit products such as payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit ([27%]), personal loans (21%) and credit cards (12%) had the highest reported rates.

One in twenty (5%) mortgage applicants reported being offered a mortgage at a price, or with terms and conditions, they felt to be completely unreasonable.

Adults who said they had been offered a financial product or service at a price, or with terms and conditions, they felt to be completely unreasonable more commonly cited price as the problem: 69% only cited the price, 7% only cited the terms and conditions, and 24% cited both.

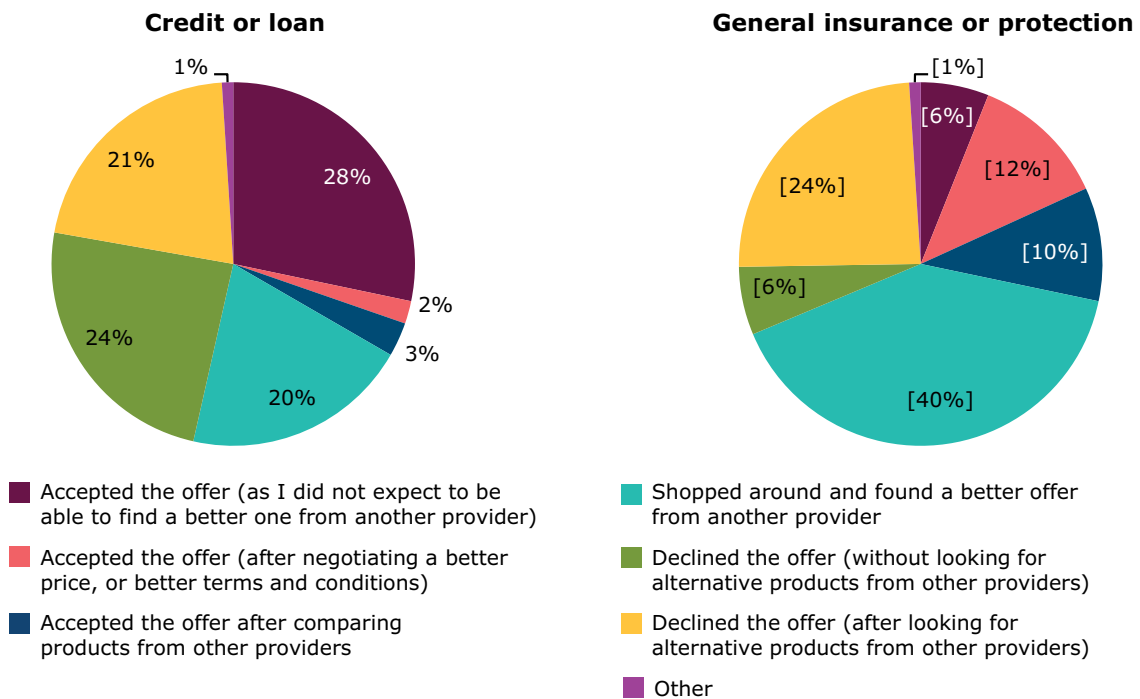
We asked adults whether they accepted the product or service regardless of the price and terms and conditions offered, or had they shopped around for an alternative provider. As shown in Figure 5.14, a third (33%) of the adults who said they were offered a credit or loan product at a price, or with terms and conditions, they felt to be completely unreasonable accepted the offer (including 2% who accepted after negotiating a better price or terms and conditions); one in five (20%) shopped around and found a better offer from another provider, and almost half (46%) declined the offer. For those offered a general insurance or protection product they viewed similarly, [29%] accepted the offer (including [12%] who negotiated); [40%] shopped around and found a better offer from another provider, and [30%] declined the offer.

Figure 5.13: Applicants offered a financial product or service at a price, or with terms and conditions, they felt to be completely unreasonable, in the last two years, by product or service (2022)



Source: FLS **Base:** All UK adults who have applied for each product in the previous two years (2022: varies by product) **Question:** AC12/AC7 summary **Notes:** ¹ Other loan or credit includes payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit. ² Home insurance includes buildings, contents, and combined buildings/contents insurance. ³ Retail credit includes catalogue credit, retail instalment credit or retail hire purchase.

Figure 5.14: Actions taken by adults offered a credit or loan product or a general insurance or protection product at a price, or with terms and conditions, felt to be completely unreasonable, in the last two years (2022)



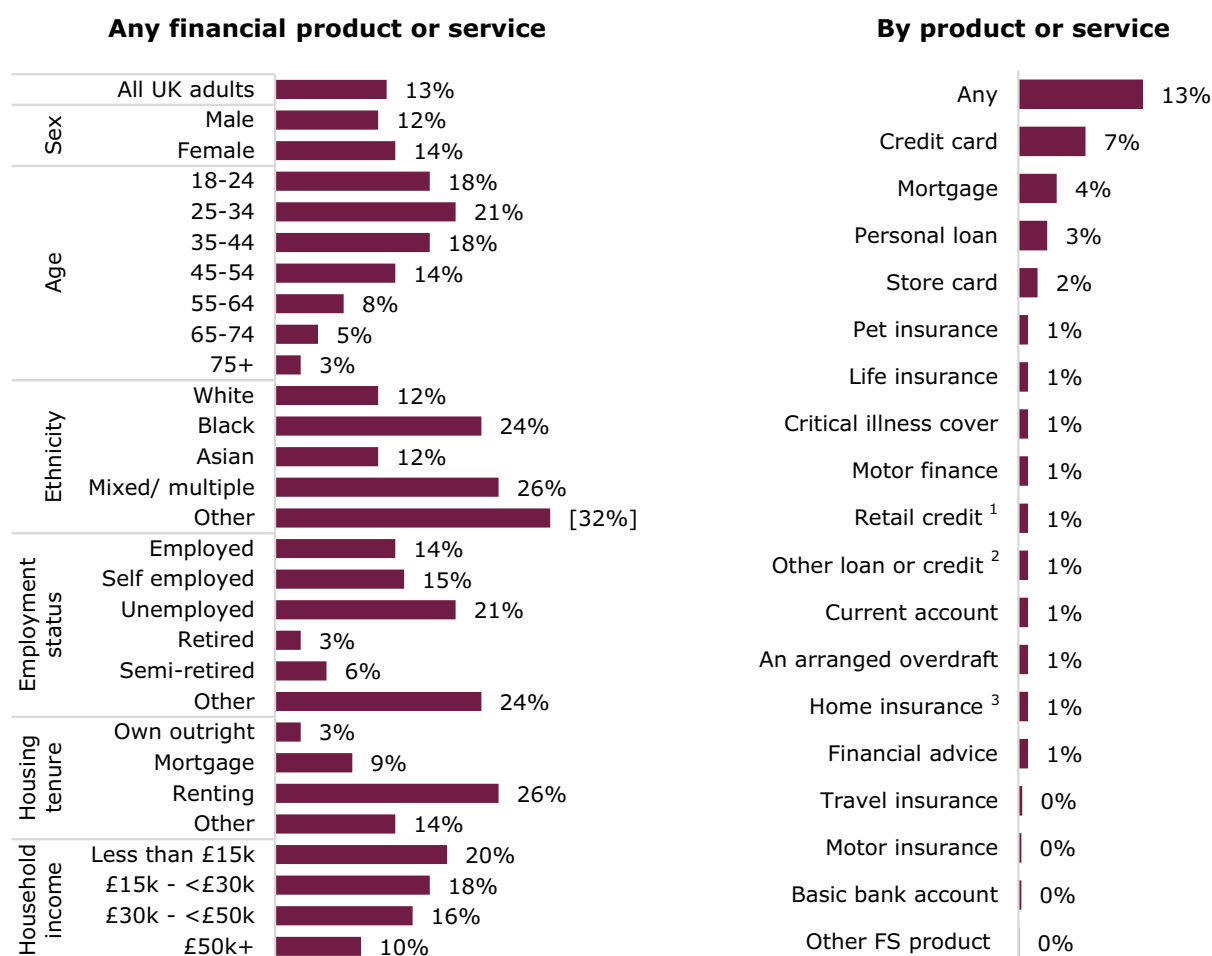
Source: FLS **Base:** All UK adults who have been offered a credit product in last two years at a price, or with terms and conditions, felt to be completely unreasonable (2022: 288) excluding 'don't know' responses (17%)/All UK adults who have been offered a general insurance or protection product in last two years at a price, or with terms and conditions, felt to be completely unreasonable (2022: 73) excluding 'don't know' responses (10%) **Question:** AC8 (Rebased). Did you accept the price and/or terms and conditions, or did you shop around for an alternative provider?

Those who avoided applying for a financial product or service

In our 2022 survey, we asked adults whether they had avoided applying for any financial products or services in the previous two years because they thought they would not be eligible, would not be able to afford the product, or would have their application rejected.

As Figure 5.15 shows, one in eight (13% of adults or 6.8m) said that they had. Adults more likely to feel this way included adults in ethnic minorities (eg adults of mixed/multiple ethnicity (26%)), renters (26%) and adults in households with an annual income of under £15,000 (20%).

Figure 5.15: Avoiding applying for a financial product or service in the last two years, across a variety of demographic segments and by product or service (2022)



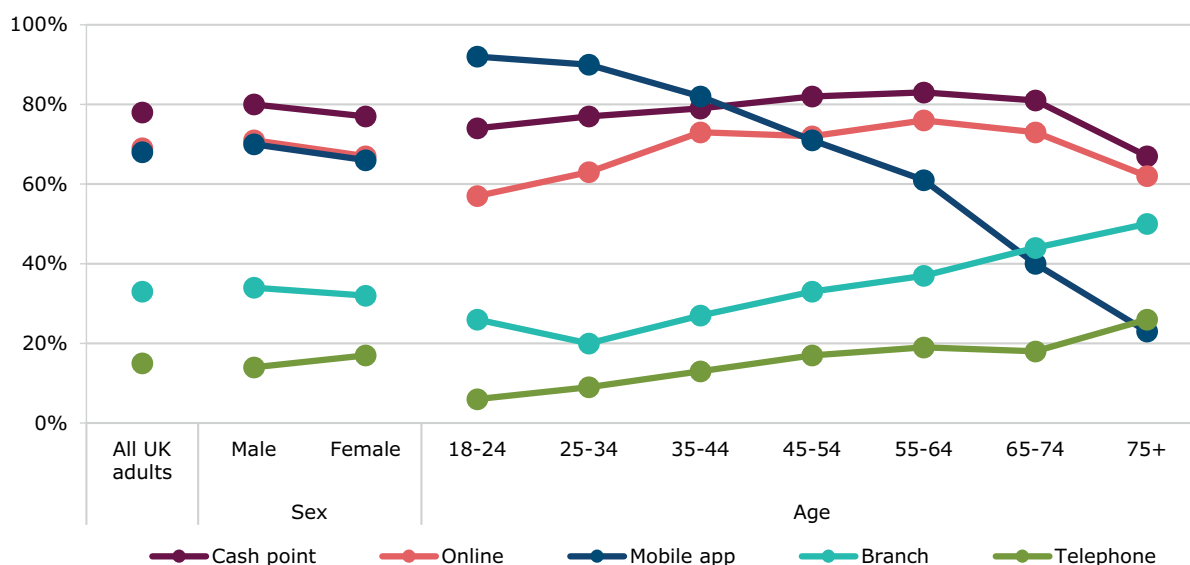
Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (7%) **Question:** AC13 (Rebased). In the last 2 years, have you avoided applying for any of the following, because you thought you would not be eligible, not be able to afford it, or would be rejected? **Notes:** ¹ Retail credit includes catalogue credit, retail instalment credit or retail hire purchase. ² Other loan or credit includes payday loans, short-term instalment loans, pawnbroking loans, logbook loans or home-collected credit. ³ Home insurance includes buildings, contents, and combined buildings/contents insurance.

Access to essential banking services

Banking channels used

Technology is changing the way that people access essential banking services. Figure 5.16 summarises the channels used over the 12 months to May 2022 by day-to-day account holders to undertake day-to-day banking activities, such as checking their account balance, paying bills, transferring money, or depositing and withdrawing money. Supporting statistics are provided in Table 5.2 – for 2017, 2020 and 2022.

Figure 5.16: Channels used to undertake day-to-day banking activities in the last 12 months, by sex and age (2022)



Source: FLS **Base:** All UK adults who have undertaken day-to-day banking activities in the last 12 months (2022: 6,857) excluding 'don't know' responses (0%) **Question:** RB32B/csum (Rebased). Summary of channels used ^{CAVEAT}

Table 5.2: Channels used to undertake day-to-day banking activities in the last 12 months, by sex and age (2017/2020/2022)

		All UK adults	Sex		Age						
			Male	Female	18-24	25-34	35-44	45-54	55-64	65-74	75+
Cash point	2022	78%	80%	77%	74%	77%	79%	82%	83%	81%	67%
	2020	84%	86%	83%	77%	89%	88%	91%	88%	81%	65%
	2017	84%	85%	83%	89%	91%	89%	89%	82%	80%	54%
Online	2022	69%	71%	67%	57%	63%	73%	72%	76%	73%	62%
	2020	73%	75%	71%	61%	77%	84%	79%	74%	71%	53%
	2017	75%	77%	73%	84%	91%	88%	81%	70%	60%	27%
Mobile app	2022	68%	70%	66%	92%	90%	82%	71%	61%	40%	23%
	2020	58%	60%	57%	88%	83%	75%	66%	47%	24%	13%
	2017	41%	44%	38%	73%	70%	51%	39%	21%	9%	1%
Face to face in branch	2022	33%	34%	32%	26%	20%	27%	33%	37%	44%	50%
	2020	49%	48%	50%	25%	42%	42%	51%	53%	62%	68%
	2017	63%	64%	61%	57%	51%	53%	63%	70%	74%	82%
Telephone	2022	15%	14%	17%	6%	9%	13%	17%	19%	18%	26%
	2020	19%	19%	20%	10%	17%	18%	25%	19%	21%	21%
	2017	20%	23%	17%	21%	20%	21%	24%	21%	17%	14%
Either online or mobile app	2022	88%	88%	88%	95%	97%	94%	91%	88%	80%	65%
	2020	85%	87%	84%	95%	97%	94%	92%	81%	74%	55%
	2017	77%	78%	76%	92%	95%	92%	82%	70%	60%	26%

Source: FLS **Base:** All UK adults who have undertaken day-to-day banking activities in the last 12 months (2017: 2,472/ 2020: 4,089/ 2022: 6,857) excluding 'don't know' responses (1%/0%/0%) **Question:** RB32B/csum (Rebased). Summary of channels used ^{CAVEAT}

Over three-quarters (78%) of adults used a cash point to withdraw money or check their balance in the 12 months to May 2022. Since 2017, there has been a decline in cash point use among adults aged under 55 (79% in 2022, compared with 90% in 2017), but an increase in use among adults aged 55+ (78% and 74%, respectively).

Seven in ten (69%) adults banked online, and a similar proportion (68%) banked using a mobile app. Since 2017, younger adults have moved away from online banking in favour of mobile banking. For example, in 2022, 57% of 18-24 year olds banked online (down from 84% in 2017), while 92% banked using a mobile app (up from 73% in 2017).

Online banking has increased significantly in popularity among older aged groups since 2017. For example, 73% of adults aged 65-74 and 62% of adults aged 75+ banked online in 2022, compared with 60% and 27% in 2017, respectively. Most noticeable is the increased use of mobile apps: up from just 1% in 2017 to 23% in 2022 for adults aged 75+, and up from 9% to 40% for adults aged 65-74.

Overall, almost nine in ten (88%) adults banked online or used a mobile app in 2022 – up from 77% in 2017. However, this also means that there are 5.7 million day-to-day account holders who, in 2022, did not bank online or use a mobile app. Adults least likely to bank online or use a mobile app included:

- adults who were digitally excluded (75%)
- adults who were heavy cash users (57%)
- adults who did not have a smartphone (42%)
- adults aged 75+ (35%)
- adults in poor health or who had cancer, MS or HIV infection (23%)
- adults with low financial capability (21%)

Branch access and use

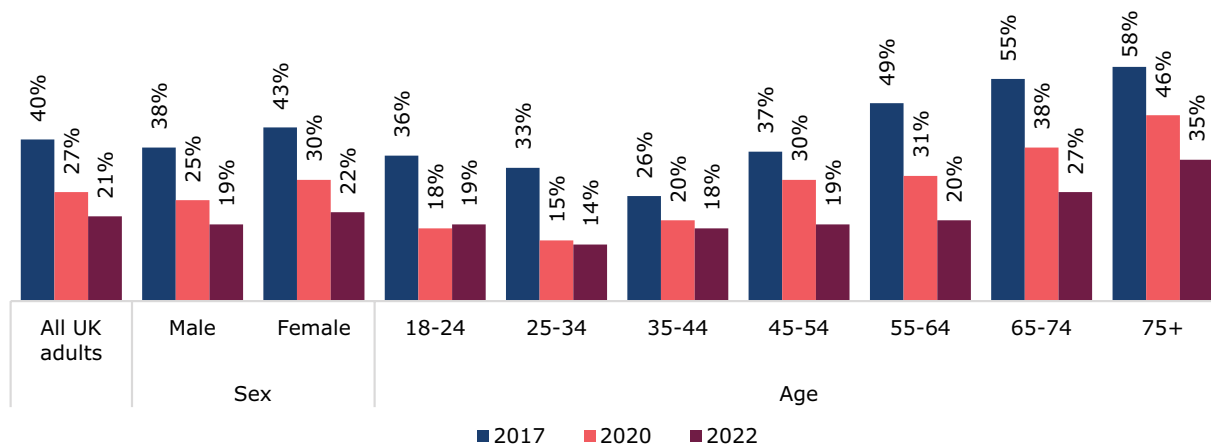
Branch use

Table 5.2 showed that the proportion of adults with a day-to-day account who had been into a branch to undertake banking activities face to face in the previous 12 months dropped significantly between 2017 (63%) and 2022 (33%). Indeed, even among adults age 75+ – the age group most reliant on bank branches – only 50% said they had used a branch in the 12 months to May 2022 – down from 82% in the 12 months to April 2017.

We also asked adults with a day-to-day account whether they have *regularly* used a particular branch in the previous 12 months, ie at least once a month. As Figure 5.17 shows, there has been a significant drop too in regular branch users, from 40% of adults in 2017 (19.8 million) to 21% in 2022 (10.7m).

Adults most likely to regularly use a branch in the 12 months to May 2022 included the digitally excluded (42%), those who were heavy users of cash (42%), those with a household income of less than £15,000 a year (37%), those aged 75+ (35%), those in poor health (27%) – particularly those who were blind or partially sighted (37%) – and those living in Northern Ireland (29%).

Figure 5.17: Day-to-day account holders who used a particular bank branch regularly in the last 12 months (2017/2020/2022)



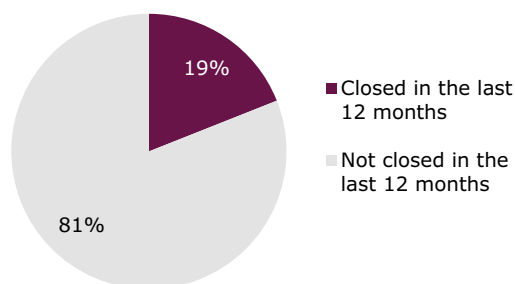
Source: FLS **Base:** All UK adults who have a day-to-day account (2017: 2,565/ 2020: 4,310/ 2022: 7,298) **Question:** RB133a. Still thinking of your main day-to-day account, over the last 12 months have you used a particular branch regularly, ie at least once a month?

Branch access

The number of bank branches has fallen by 40% over the last ten years. This trend naturally creates concerns about access to financial services, particularly among customers more likely to be vulnerable, such as the elderly, the digitally excluded, and those in poor health.

Figure 5.18 shows that 19% of adults with a day-to-day account had experienced a branch they previously used regularly close in the 12 months to May 2022 – up from 13% in 2017.

Figure 5.18: Adults for whom a branch they used to use regularly closed in the last 12 months (2022)



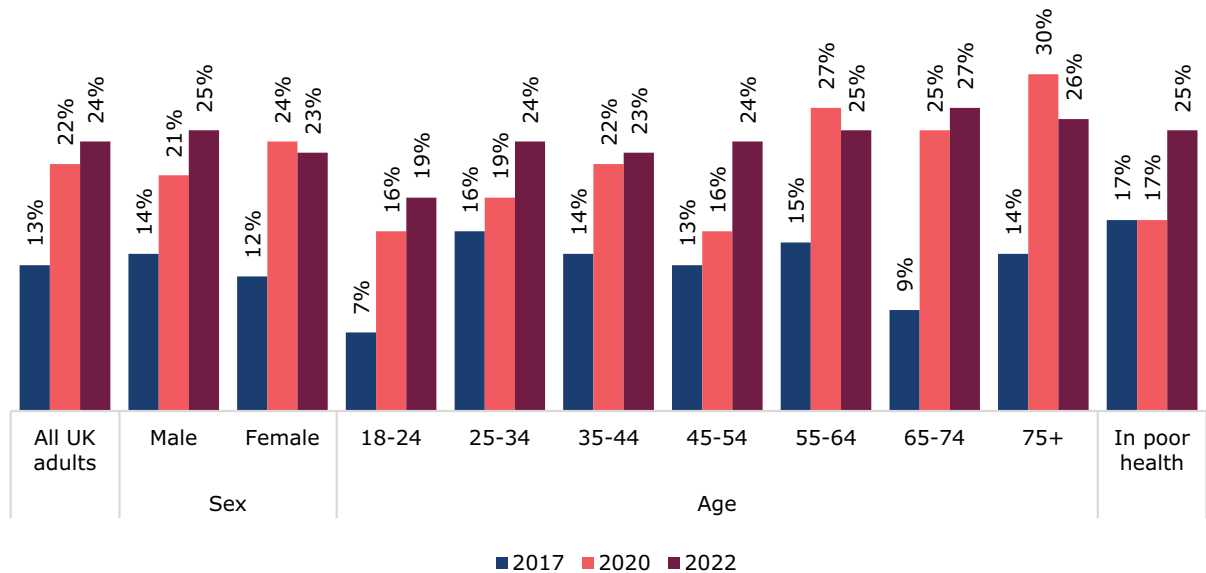
Source: FLS **Base:** All UK adults who have a day-to-day account (2022: 7,298) excluding 'don't know' responses (15%) **Question:** RB133 (Rebased). Has a branch that you used to use regularly closed in the last 12 months?

Adults living in certain parts of the UK were more likely to say a branch they used to use regularly had closed in the last 12 months. The highest rates, compared with the UK average of 19%, were for adults living in:

- Northumberland and Tyne and Wear (33%)
- Devon (27%)
- Gloucestershire, Wiltshire and Bath/ Bristol area (27%)
- Leicestershire, Rutland and Northamptonshire (27%)

As shown in Figure 5.19, one in four (24%) of those using bank branches described the location of the branch they use most often as inconvenient – up from 13% in 2017.

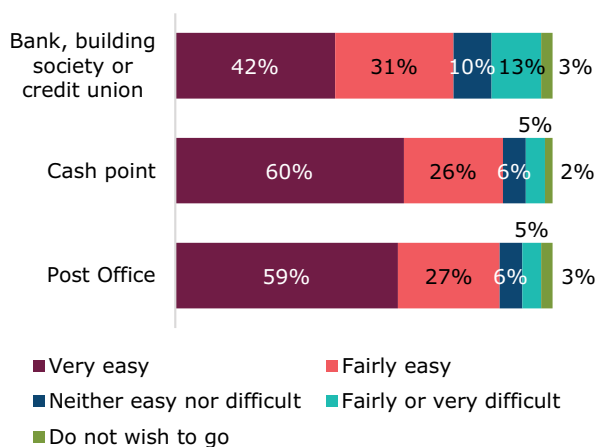
Figure 5.19: Adults who say the location of the branch they use most often is inconvenient (2017/2020/2022)



Source: FLS **Base:** All UK adults who have a day-to-day account and have used a branch in the last 12 months for day-to-day banking activities (2017: 1,441/ 2020: 2,823/ 2022: 3,829) excluding 'don't know' responses (1%/2%/4%) **Question:** RB36 (Rebased). How convenient or inconvenient is the location of the branch you use most often?

To explore this issue further, we asked all adults whether they find it easy or difficult to get to a bank, building society or credit union, a cash point, or a Post Office using their normal forms of transport. The results are shown in Figure 5.20.

Figure 5.20: Ease of getting to a bank, building society, or credit union, a cash point, or a Post Office (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (5%/4%/5%) **Question:** D15b_a-c (Rebased). Using your normal forms of transport, how easy or difficult is it for you to get to...?

In 2022, one in eight (13% or 6.9m) found it difficult to get to a bank, building society or credit union; one in twenty (5% or 2.8m) found it difficult to get to a cash point, and a one in twenty (5% or 2.8m) found it difficult to get to a Post Office.

Overall, one in seven (15% or 7.8m) found it difficult to get to any one of these, while one in forty (3% or 1.3m) found it difficult to get to all of these.

Looking at heavy users of cash: 23% found it difficult to get to a bank, building society or credit union; 11% found it difficult to get to a cash point; and 11% found it difficult to get to a Post Office. One in four (25%) found it difficult to get to any one of these, while one in twenty (5%) found it difficult to get to all of these.

We see some variations in these results by geography. For example, 19% of adults who live in rural areas found it difficult to get to a bank, building society or credit union, and 7% found it difficult to get to a cashpoint. The result for those living in urban areas are 12% and 5%, respectively. There are also some differences by country, as shown in Table 5.3. More adults in rural Wales struggled – nearly a quarter (23%) found it difficult to get to a bank, building society or credit union.

Table 5.3: Finding it difficult to get to a bank, building society or credit union, a cashpoint, or a Post Office by nation and urbanity (2022)

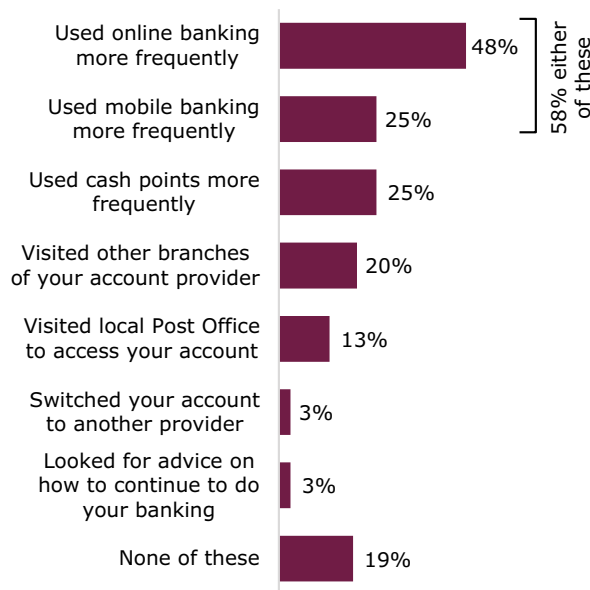
	All UK adults	Nation x Urbanity							
		Eng Urban	Eng Rural	Scot Urban	Scot Rural	Wales Urban	Wales Rural	NI Urban	NI Rural
Bank, building society or credit union	13%	12%	18%	9%	21%	11%	23%	11%	12%
Cash point	5%	5%	7%	4%	7%	6%	9%	3%	5%
Post Office	5%	5%	5%	4%	7%	5%	7%	3%	3%
Any of these	15%	14%	19%	11%	23%	13%	24%	13%	13%
All of these	3%	2%	3%	1%	4%	3%	4%	1%	1%

Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (5%/4%/5%) **Question:** D15b_a-c (Rebased). Using your normal forms of transport, how easy or difficult is it for you to get to...?

Actions taken as a result of branch closures

We asked adults who said that a branch they used to use regularly had closed recently, what they did, if anything, as a result. The results are shown in Figure 5.21.

Figure 5.21: Actions taken by adults for whom the branch they used to use regularly closed recently (2022)



Almost three in five (58%) said that they were using online or mobile banking more frequently because their branch had closed. Those least likely to say this included those aged 80+ ([38%]) and heavy users of cash ([36%]).

One in four (25%) said they used cash points more frequently; one in five (20%) had visited other branches of their account provider, and one in eight (13%) had visited a local Post Office to access their account.

Very few (3%) had switched account provider as a result of their regular branch closing.

Source: FLS **Base:** All UK adults who have a day-to-day account and branch they used to use regularly closed recently (2022: 1,148) **Question:** RB133b. Have you done any of the following as a result of the branch you used to use regularly closing? **CAVEAT**

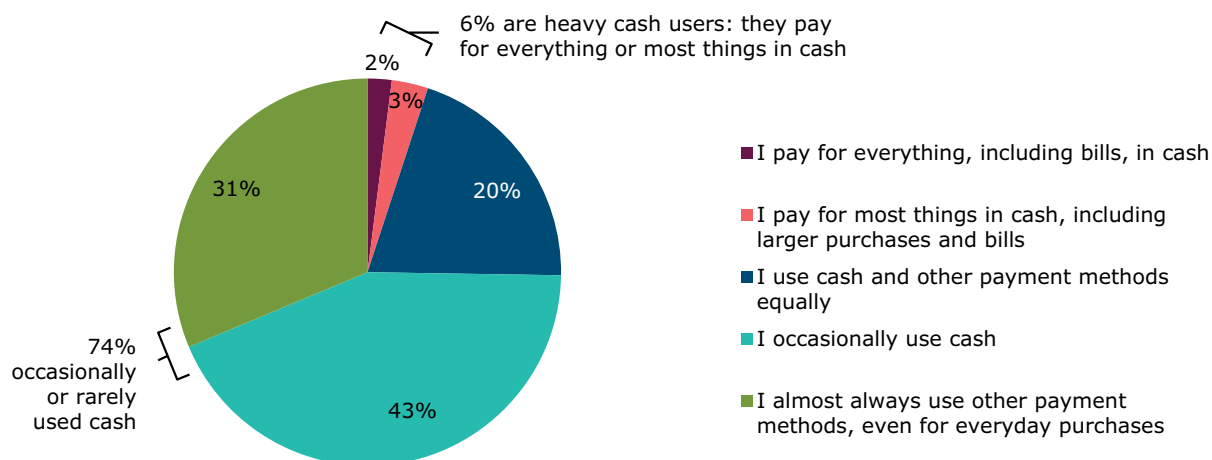
Access to cash

While use of cash is declining as more consumers adopt alternative payment methods, cash remains a vital payment method for many, including the most vulnerable in society.

In May 2022, 3.1 million adults (6%) said they had paid for everything or most things in cash in the previous 12 months – we refer to these adults as heavy users of cash. Another 10.5 million (20%) used cash and other payments equally, while 39.3 million (74%) only used cash occasionally or less frequently. These results are shown in Figure 5.22.

In our 2020 survey we asked this question a little differently. Instead of asking adults about their use of cash in the previous 12 months, we asked about the extent to which they relied on cash in their day-to-day lives. 5.7 million (11%) said they relied on cash to a very great or great extent.

Figure 5.22: Frequency of use of cash in the last 12 months (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** AT12. How often have you used cash (rather than other payment methods) in your day-to-day life in the last 12 months?

Table 5.4 shows the groups of consumers most likely to be heavy cash users. Use of cash was highest in May 2022 among the digitally excluded and older adults. One in four (26%) digitally excluded adults and one in five (19%) adults aged 85+ were heavy cash users.

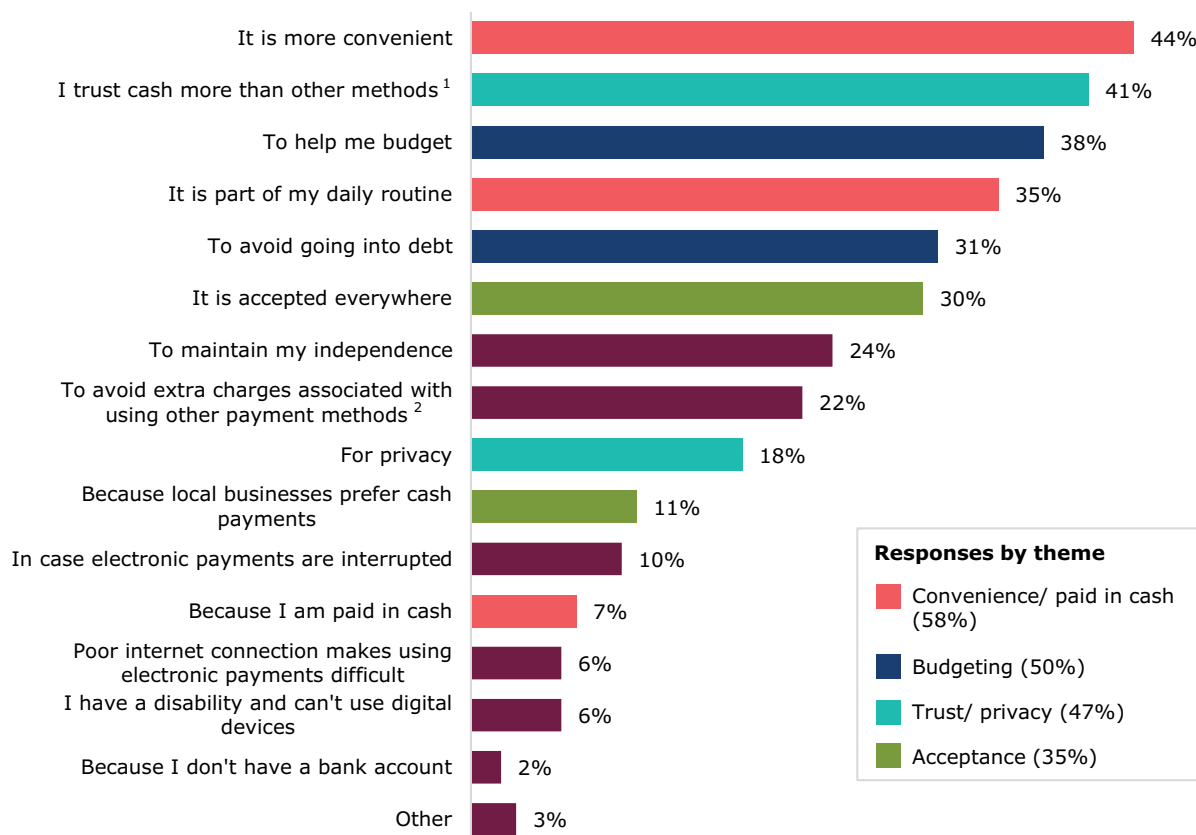
Table 5.4: Demographic groups most likely to be heavy cash users (2022)

Demographic groups	Heavy cash users
Digitally excluded	26%
No educational qualifications	21%
Aged 85+	19%
Unemployed	15%
In poor health	15%
Household income <£15,000	14%
In financial difficulty	14%
Low financial capability	12%
Low financial resilience	11%
Most deprived areas	11%
Left Behind Wards	11%

Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** AT12. How often have you used cash (rather than other payment methods) in your day-to-day life in the last 12 months?

Figure 5.23 looks at why there was this strong preference to use cash among certain segments of the population and highlights how convenience, ease of budgeting and trust played important roles in this behaviour in May 2022.

Figure 5.23: Reasons for being a heavy user of cash (2022)

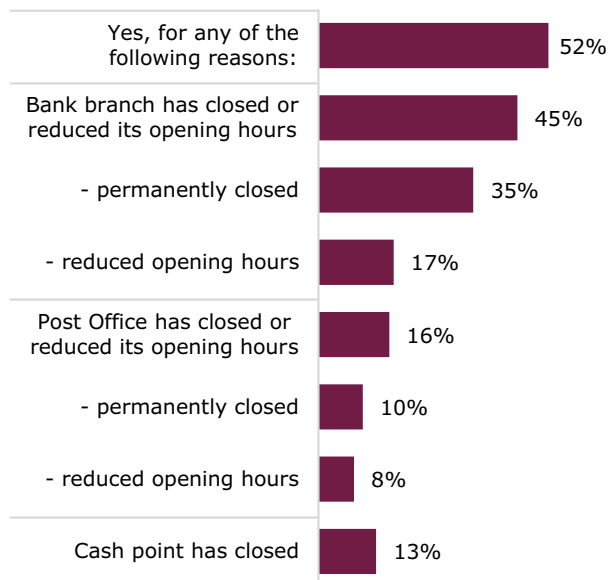


Source: FLS **Base:** All UK adults who pay for everything or most things in cash (2022: 743) excluding 'don't know' responses (5%) **Question:** AT12a (Rebased). Why do you use cash often in your day-to-day life? **Notes:**¹ Eg a debit or credit card. ² Eg charges applied by some merchants when using a debit or credit card. **CAVEAT**

As summarised in the themes box in Figure 5.23, just over half (58%) of heavy users of cash cited convenience for how much they use cash. They said cash is more convenient (44%), it is part of their daily routine (35%), or they are paid in cash (7%). Half (50%) gave budgeting reasons, namely to help them budget (38%) or to avoid getting in to debt (31%). Just under half (47%) cited trust or privacy reasons, namely they trust cash more than other payment methods (41%) or they use it for privacy (18%). Just over one in three (35%) said they use cash because it is accepted everywhere (30%) or because local businesses prefer cash payments (11%).

We also asked heavy users of cash whether they had found it more difficult to withdraw or deposit cash in the previous two years because a local bank branch, Post Office or cash point had permanently closed or reduced its opening hours. The results are shown in Figure 5.24.

Figure 5.24: Heavy cash users who have found it more difficult to withdraw or deposit cash due to closures or reduced opening hours (2022)



Source: FLS **Base:** All UK adults who pay for everything or most things in cash (2022: 743) excluding 'don't know' responses (10%) **Question:** AT12c (Rebased). In the last two years, have you found it more difficult to withdraw or deposit cash because a local bank branch/Post Office/ATM has either permanently closed or has reduced its opening hours?

Just over half (52%) of heavy cash users had found it more difficult to withdraw or deposit cash in the past two years due to the closure or reduced opening hours of their local branch, Post Office or cash point.

These adults explained what impact this had had on them. Most had continued to use physical access points, for example:

- 56% started travelling further to be able to access cash
- 32% started using cash points or did so more frequently
- 19% now rely on others (eg friends and family) to bring them cash
- 11% started paying a fee for withdrawing cash

One in five (21%) started using online or mobile banking or did so more frequently.

Just 4% switched their account to another provider.

Digital exclusion and being digitally active in financial services

In this section we explore who has access to the internet – who is digitally excluded, and of others who is digitally active in financial services.

Internet use and digital exclusion

New technologies are changing the financial services landscape. Access to the internet has opened up many opportunities for consumers, including access to online banking services, affordable credit and money saving deals.

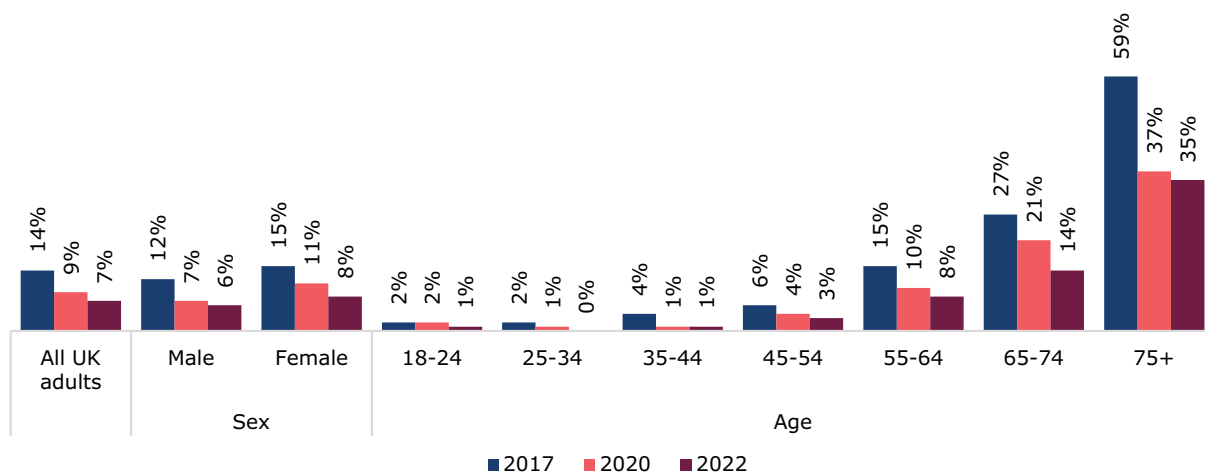
In 2022, the clear majority (89%) of adults used the internet at least once a day, and a further 1% used it almost every day. Just one in twenty-five (4%) had never used the internet, and 3% had not used it in the last three months.

Of those who had used the internet before, just 5% rated their ability to use it as poor or bad. These results show the extent to which internet use has become embedded in the everyday lives of most adults.

Digital and financial exclusion often overlap, and it is important to recognise the harmful impact that any digital divide may have on people's financial lives. By digital exclusion we mean people never use the internet, they use it rarely or they do not know if they use it, or their ability to use it is poor. In 2022, 7% of adults (3.9m) were digitally excluded – down from 9% (4.8m) in 2020 and 14% (6.9m) in 2017.

Exploring the digitally excluded by sex and age, we see from Figure 5.25 that exclusion is strongly correlated with age and that it is particularly common among older adults.

Figure 5.25: Digital exclusion, by sex and age (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) **Question:** DE_DV. Those with poor or non-existent digital skills **CAVEAT**

In 2022, 26% of those aged 75-84 were digitally excluded. This rises to 72% of those 85+. Among older adults, women were more likely to be digitally excluded than men: 41% of women aged 75+ are digitally excluded, compared with 26% of men.

Digital exclusion is not just a generational issue. For example, there is strong evidence that exclusion rates vary by household income, suggesting that some households are experiencing 'data poverty', a term that is increasingly used and refers to unaffordable connectivity options. Here, our survey shows that 14% of adults with a household income of less than £15,000 were digitally excluded in 2022, versus just 2% of those with an income of £50,000+.

Exclusion rates were also high among some of the most vulnerable in society. One in five (20%) adults in poor health or who had cancer, MS or HIV infection were digitally excluded, as were a similar proportion (18%) of those with low financial capability.

Three-fifths (61%) of digitally excluded adults said their knowledge about financial matters is low; 43% were not confident in managing their money, and 44% were not confident in working with numbers when they need to in everyday life. These results, for digitally active adults, were much lower at 37%, 23% and 18%, respectively.

By region, digital exclusion was highest in East Yorkshire and Northern Lincolnshire (12%), Dorset and Somerset (12%), Kent (12%), and Outer London – East and North East (12%). There is also a link with deprived areas: 9% of adults in the most deprived areas of the UK were digitally excluded, compared with 5% in the least deprived areas.

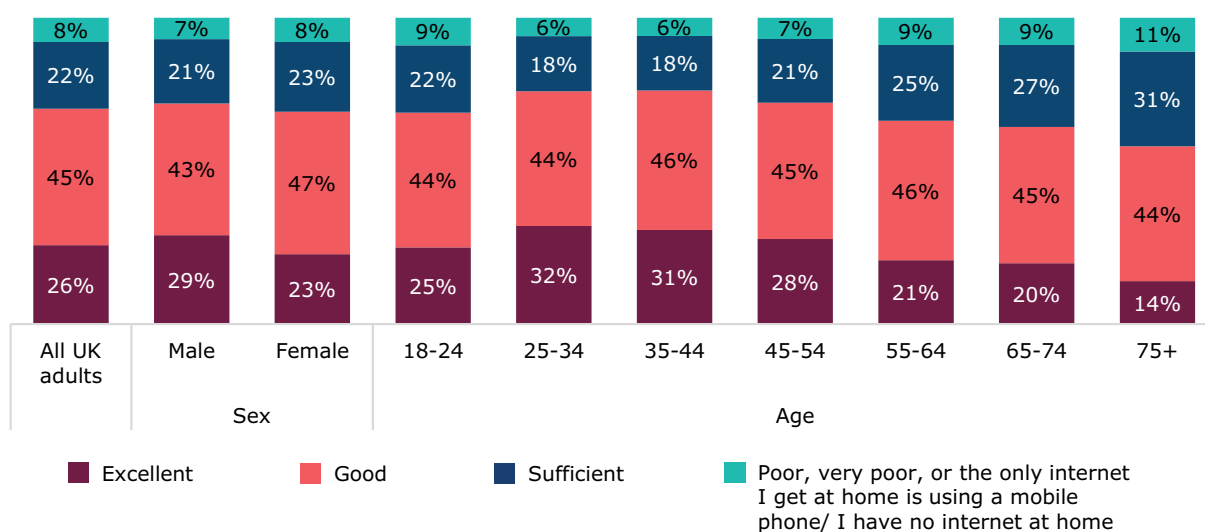
Quality of home internet connectivity

In the 2022 survey, we asked internet users to rate the quality of their internet connection at home. While the results are subjective, because they depend on people's expectations rather than actual internet speeds or reliability, they are nevertheless useful in identifying the number of adults who live in households that have a poor internet connection.

As shown in Figure 5.26 (and please note the base description), in May 2022 one in four (26%) internet users said the quality of their home internet connectivity was excellent, and a further 45% said their connectivity was good. However, 8% of internet users, or 3.8 million adults, said their connectivity was poor (5% or 2.4m), very poor (1% or 0.7m) or that they had no internet at home or the only internet they got at home was through using their mobile phone (1% or 0.7m).

Internet users most likely to say their connection was poor, that they did not have internet at home or only by using a mobile phone included low-income householders (14%), the unemployed (13%) and adults aged 75+ (11%).

Figure 5.26: Quality of internet connectivity at home, by sex and age (2022)



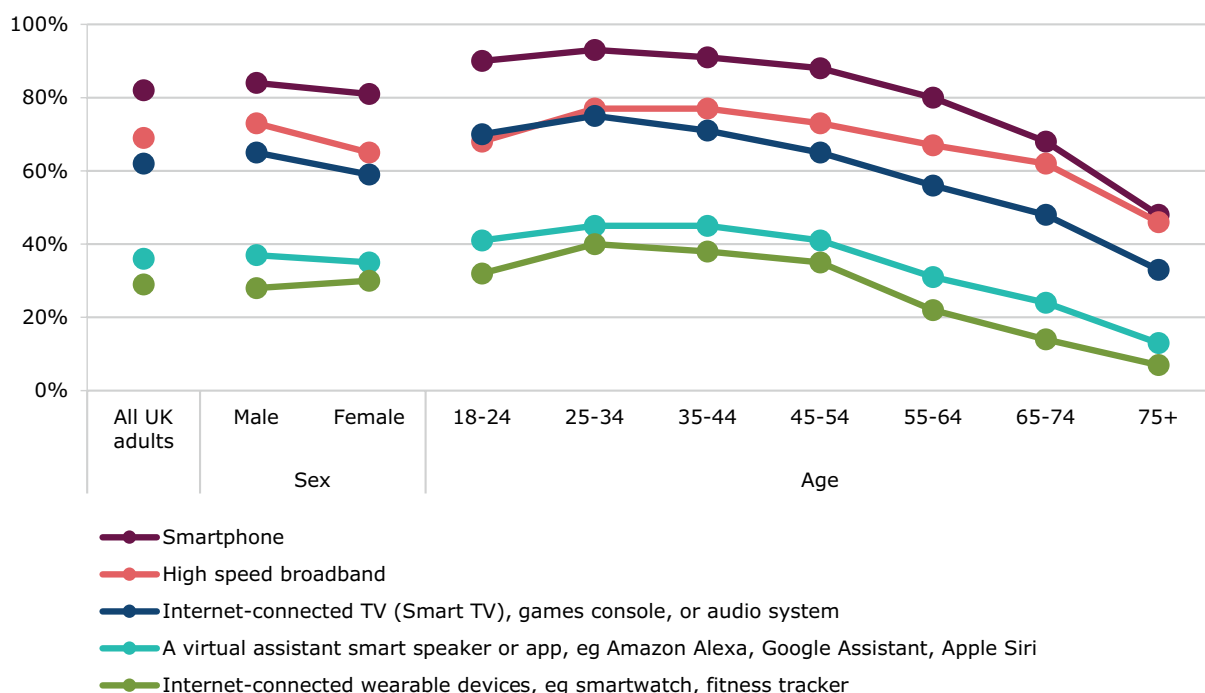
Source: FLS **Base:** All UK adults who have used the internet before, and those who have not but they completed the survey online with the help of someone else (2022: 18,955) excluding 'don't know' responses (1%) **Question:** D48 (Rebased). How would you rate the quality of your internet connectivity at home? Think about things such as reliability (how often you experience problems) and download and upload speeds

Internet-connected device use

We also asked adults what internet-connected devices they use. This is important, for example, when considering access to mobile banking or being able to interact well with financial services online.

Four-fifths (82%) of adults used a smartphone in May 2022; 69% had high-speed broadband; 62% used an internet-connected TV (Smart TV), games console, or audio system; 36% used a virtual assistant smart speaker or app; and 29% used an internet-connected wearable device such as a smartwatch or fitness tracker. Figure 5.27 shows these results by sex and age and highlights how use of these devices dropped significantly for adults aged 55+.

Figure 5.27: Use of a variety of internet-connected devices, by sex and age (2022)

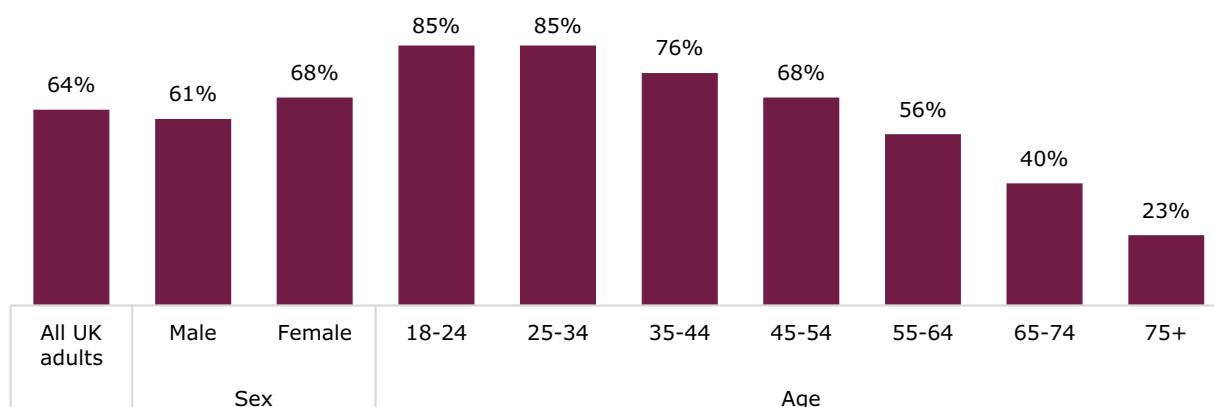


Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** D49. Which, if any, of the following do you use?

Social media use – overall and by investors

In 2022, just under two-thirds (64% or 34.0m) of adults used social media. As Figure 5.28 shows, social media use is primarily driven by age, with just 23% of adults aged 75+ using social media, compared with 85% of adults aged 18-34. Women were more likely to use social media than men (68% vs. 61%, respectively).

Figure 5.28: Social media use, by sex and age (2022)



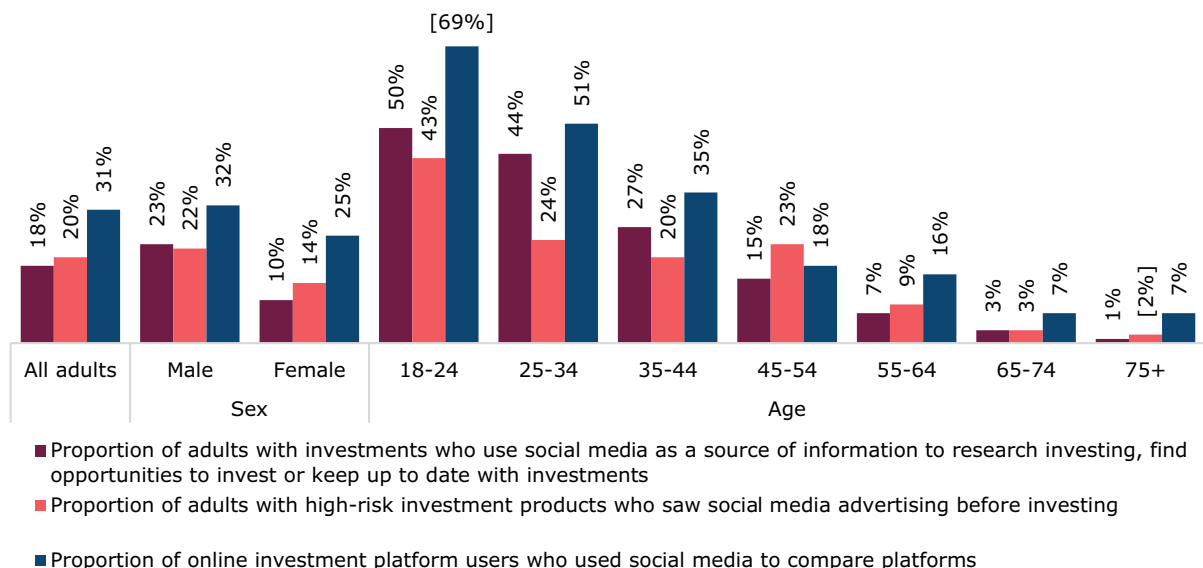
Source: FLS **Base:** All UK adults (2022: 19,145) **Question:** D49. Which, if any, of the following do you use?

Social media now plays an important role as a source of information for younger investors. For example, as Figure 5.29 shows:

- Social media was used by one in six (18%) investors in the 12 months to May 2022 to research investing, to find opportunities to invest in, or to keep up to date with investments – rising to 50% for investors aged 18-24

- Social media advertising was seen by one in five (20%) investors in high-risk products prior to their investing in these – rising to 43% of adults aged 18-24
- Social media was used by almost one in three (31%) online investment platform users who shopped around for a platform, for example to compare prices or the service offered – rising to [69%] of adults aged 18-24

Figure 5.29: Examples of how social media is used by investors, by sex and age (2022)



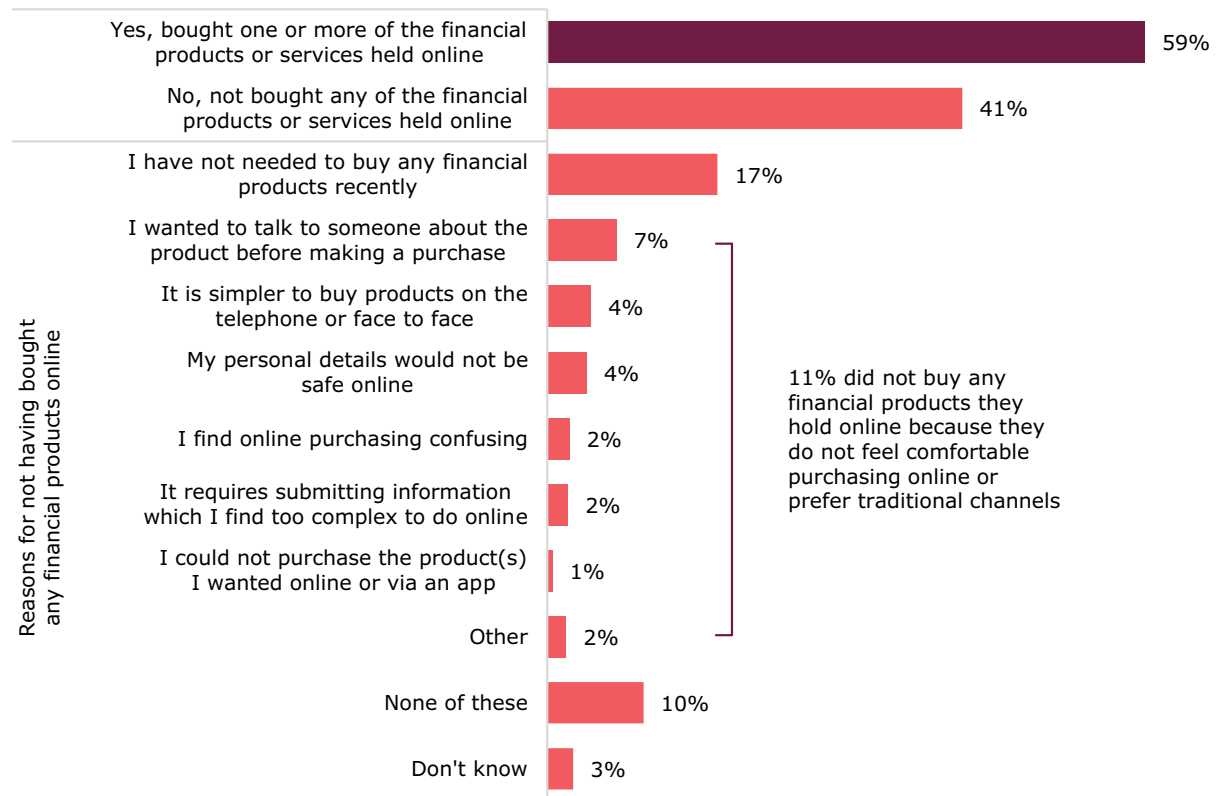
Source: FLS **Base:** All UK adults with any investment (excluding those who only hold investment property and other real investments) (2022: 8,278)/All UK adults who hold one or more high-risk investment products (2022: 1,267) excluding 'don't know' responses (16%)/All UK adults with a D2C platform and are not an orphaned client and compared platforms by looking at prices or services offered (2022: 1,484) excluding 'don't know' responses (3%) **Question:** RI29. Which of the following sources of information have you used in the last 12 months to research investing, find opportunities to invest in or keep up to date with investments?/HRI4 (Rebased). Did you see any of the following advertising before you first invested in these non-mainstream investment products?/PL2 (Rebased). How did you compare online investment platforms?

Buying financial products online

In our 2022 survey, we asked adults whether they purchased any of the financial products they hold online or via an app. We only asked this question of internet users who held at least one financial product.

In total, 41% (21.3m) said they had not bought any of their financial products online or via an app. When we asked why not, 11% (5.7m) explained they are not comfortable buying financial products or services online, or they prefer traditional channels. These results are shown in Figure 5.30.

Figure 5.30: Internet users who have bought at least one financial product or service they currently hold online, and reasons given for not buying any financial products or services online (2022)



Source: FLS **Base:** All UK adults who hold any financial products, and they used the internet before or have not but completed the survey online with the help of someone else (2022: 2,873) excluding 'don't know' responses (10%) **Question:** ON2/3sum (Rebased).

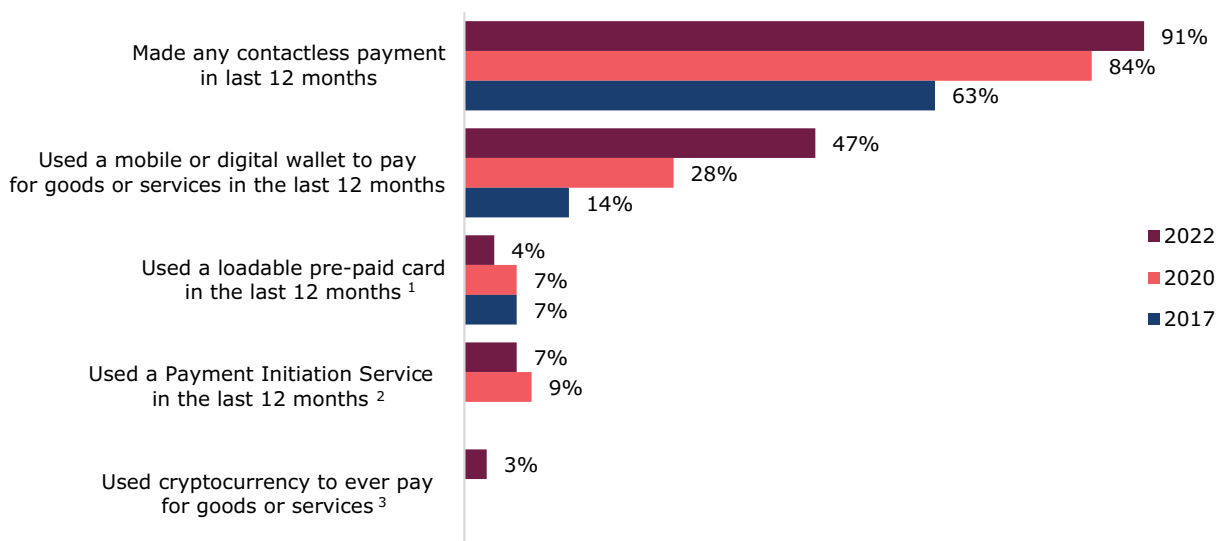
Compared with the national average of 11%, consumers most likely to not feel comfortable buying financial products online or to prefer traditional channels included:

- heavy cash users (among whom 27% felt like this)
- adults who do not have a smartphone (23%)
- adults aged 65+ (22%)
- adults with low financial capability (17%)
- adults who do not have high-speed broadband at home (16%)

Use of digital payment services

Innovation and new technology are making digital payments easier for consumers to adopt. The pace of change in consumer technology is rapid, with banking and managing payments growing on a range of digital devices, including mobile phones and watches. New service providers are disrupting the traditional role banks and financial institutions play in the payments market. This rapidly changing landscape is reflected in changes in consumer behaviour from 2017 to 2022, as shown in Figure 5.31.

Figure 5.31: Use of a variety of digital payment services in the last 12 months (2017/2020/2022)



Source: FLS

Contactless payments: **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 1,957), excluding 'don't know' responses (1%/0%/5%) **Question:** P_RB1b (Rebased). In the last 12 months have you made any contactless payments?

Mobile or digital wallets: **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145), excluding 'don't know' responses (2%/2%/3%) **Question:** P_RB7_DV (Rebased). In the last 12 months, have you used...?

Loadable pre-paid cards: **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145), excluding 'don't know' responses (2%/1%/3%) **Question:** P_RB7_DV (Rebased). In the last 12 months, have you used...? **Note:** ¹ Respondents told not to include gift cards from retailers.

Payment Initiation Service Provider: **Base:** All UK adults (2020: 16,190/ 2022: 19,145), excluding 'don't know' responses (4%/6%) **Question:** P_RB7a (Rebased). There is a new type of payment service, called a payment initiation service, that is now widely used by online retailers. Examples include: 'Amex Pay with Bank transfer', Mastercard's 'Pay by Bank' app, NuaPay or Trilo. Essentially, it works by letting customers make a direct payment from their bank account, without having to put in their account details. Rather, a third party initiates the transfer directly from your bank account to the retailer. In the last 12 months, have you paid for anything online using this type of payment service? **Note:** ² In our [previous report](#) (Figure 5.17) we reported data in this chart not rebased to exclude 'don't know' responses

Cryptocurrency: **Base:** All UK adults (2022: 19,145), excluding 'don't know' responses (6%) **Question:** PAY14 (Rebased). The next couple of questions are about paying for goods and services with cryptocurrency. Have you ever paid for goods or services using cryptocurrency, eg through a cryptocurrency payment app such as Coinbase or BitPay?

Contactless payments

The volume and value of contactless payments has increased dramatically in recent years (and particularly since Covid-19), aided by increases in the number of contactless cards in issue, in the number of payment terminals that accept contactless payments, and in transaction limits – which have risen from just £10 in 2007 to £100 from 15 October 2021.

In May 2022, 91% of adults had made a contactless payment in the previous 12 months – up from 63% in the 12 months to April 2017. Older adults aged 75+ (77%) and those in a low-income household (75%) were the least likely to have made any contactless payments in the 12 months to May 2022. Unsurprisingly, far fewer heavy users of cash reported that they had made any contactless payment in this period ([46%]).

Mobile wallets

Use of mobile wallets is also growing rapidly. This payment method was used by almost half (47%) of all adults in the 12 months to May 2022 – up from just 14% in 2017. It is far more likely to be used by younger adults aged 18-34 (74%) than by adults aged 55+ (23%), and by men (52%) rather than women (43%).

Of those using a mobile wallet: 58% used ApplePay, 30% Google Pay, 24% PayPal digital wallet, 8% AndroidPay, 5% a mobile or digital wallet provided by their current account provider, 2% a mobile or digital wallet provided by a credit card provider, 1% Samsung Pay, 1% CashApp, and 1% another provider.

Payment Initiation Services

Payment Initiation Services (PIS) are services that allow users to pay companies directly from their bank account, rather than using a card provided by a third-party such as Visa or MasterCard. In May 2022, less than one in ten (7%) adults were aware that they had used these services to pay for something online in the previous 12 months. A further 19% said they had heard of these types of services, although they had not used them.

Adults most likely to have used a PIS in the 12 months to May 2022 included:

- adults working in the gig economy (18%)
- Asian adults (16%)
- Sikhs ([22%]) and Muslims (15%)
- e-money current account holders (14%)
- adults aged 18-34 (12%)

Cryptocurrency

As we discussed in Chapter 2 (Product holdings, assets and debts), 8% (4.1m) of the adult population held cryptoassets in May 2022. We asked consumers whether they had ever paid for goods or services using cryptocurrencies, for example through a cryptocurrency payment app such as Coinbase or BitPay, but not including purchases of other cryptocurrencies or cryptoassets such as NFTs.

In May 2022, 1.6 million adults (3%) said they had ever used cryptocurrency to pay for goods or services. A further 7.8 million adults (16%) had not done so, but they said they would consider using cryptocurrency as a method of payment in the future.

Adults most likely to have ever used cryptocurrency as a method of payment included:

- e-money current account holders (12%)
- men aged 18-34 (11%)
- ethnic minorities (5%)

Of those adults who had ever used cryptocurrency to pay for goods or service, just one in five (20%) had used a stablecoin such as Binance USD, Tether or USDC. This equates to just 0.3 million adults (less than 1% of all UK adults). Two-thirds (65%) had bought goods or services with Bitcoin, and one-third (36%) with Ethereum.

One in ten (10%) of all UK adults agreed that cryptocurrencies should be more widely accepted as a payment method, rising to 61% among adults who had cryptoasset investments.

Use of Open Banking enabled services

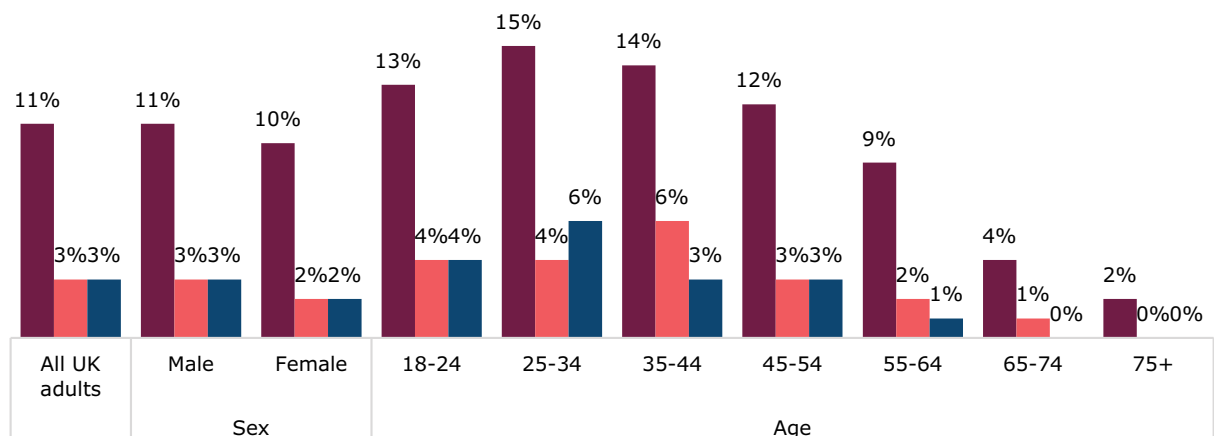
Open Banking was introduced in January 2018 to increase innovation and choice in financial services. Consumers can choose to give banks and other regulated companies, such as apps and websites, secure access to their banking information. Open Banking opens the way to new digital products and services that could give consumers a more detailed understanding of their money or tools to help them budget and find the best deals.

In May 2022:

- 5.5 million adults (11% of all adults with a day-to-day account) were using a service provided by their bank, building society or credit union that allows them to see in one place the accounts they hold with different banks
- 1.5 million adults (3% of all adults with a day-to-day account) were using an app provided by a company that is not their bank, building society or credit union (such as Money Dashboard or MoneyHub) that allows them to see in one place the accounts they hold with different institutions
- 1.3 million adults (3% of all adults with a day-to-day account) were using an app (such as Chip, Cleo, Moneybox or Plum) that builds savings by monitoring their current accounts and/or transactions and automatically transferring funds

Figure 5.32 shows these results by sex and age.

Figure 5.32: Use of services to view accounts in one place or an app that builds savings, by sex and age (2022)



- A service provided by your bank, building society or credit union that allows you to see the accounts you hold with different banks in one place. This may be accessed through an app or website
- An app provided by a company that is not your bank, building society or credit union that allows you to see the current accounts you hold with different institutions in one place
- An app that builds savings by monitoring your current accounts and/or transactions and automatically transfers funds

Source: FLS **Base:** All UK adults who have a day-to-day account (2022: 7,298) **Question:** RB102c. Do you use any of the following? **CAVEAT**

We asked adults who were using a money savings app for their thoughts on it:

- 61% strongly agreed that the app was easy to set up (8% disagreed)
- 54% strongly agreed that the app only saves what they can afford (6% disagreed)
- 26% strongly agreed that they understand how their savings are protected when using this app (9% disagreed)
- 36% said one of the main reasons they use the app is because they do not have to think about their savings as the app works in the background
- 36% said one of the main reasons they use the app is because they can easily view and manage their savings
- 33% said one of the main reasons they use the app is because they save more than they would if they had a regular savings account

Chapter 6

Trust and satisfaction

Key facts and figures at May 2022: Consumers had more trust in their own providers than they did generally in the financial services industry. Awareness of the FCA was high – but providers' use of the term "being authorised and regulated by the FCA" was misunderstood by many consumers.

Trust is important for an effective financial services sector. A lack of trust and confidence can result in consumers not engaging with the financial services industry or failing to address their own financial needs.

In May 2022, two in five (41%) adults had **confidence in the UK financial services** industry, and just over a third (36%) thought most financial firms are honest and transparent in the way they treat them.

Trust in the financial services sectors was low. While banks were the most trusted type of institution, just one in five (20%) adults trusted them highly; 40% did not have much trust in them. Adults trusted insurance companies the least.

A more positive picture emerges when consumers are asked to **rate their own financial providers**, confirming the behavioural tendency for people to trust their own providers (where they have experiences to draw on) but to mistrust at sector level (where trust is based on opinions or general knowledge).¹⁶ Results ranged from 21% highly rating their DC pension provider to 55% highly rating their mortgage broker. Satisfaction scores were similar.

Trust may be a barrier for financial advice. Only one in five (21%) who had not had financial advice but might have a need for it agreed that financial advisers are unbiased. Less than half (45%) trusted financial advisers to act in the best interest of their clients. The results, however, for advised adults were very different: 53% were highly confident in the advice they were given, 58% had high levels of trust in their adviser, and 51% were highly satisfied with their adviser.

Two-thirds (65%) of adults were **aware of the FCA**. Of those who were aware, just over a quarter (27%) had high levels of trust in the FCA to protect their best interests as consumers. A similar proportion (24%) had low levels of trust.

Most (85%) adults who had heard of the FCA were aware that we have rules for how financial services firms treat their customers. Over three-quarters (77%) correctly agreed that authorised firms must meet FCA standards to deliver certain financial services. However, there was more mixed understanding of **the FCA's role**. For example, only a third (34%) of those aware of the FCA knew that saving or investing money with a firm authorised by the FCA did not mean their money was safe.

16 Roderick M. Kramer: *Trust and Distrust in Organisations: Emerging Perspectives, Enduring Questions*. Annu. Rev. Psychol. 1999. 50:569–98/Just Group, Ignition House. *Rebuilding trust in long-term savings*. 2018.

Scope

In this chapter, we explore consumers' trust and confidence in the financial services industry and how this compares with the trust and confidence they have in the firms who provide services to them themselves.

We look at groups who had particularly low levels of trust and confidence and so were at more risk of not engaging with financial services firms and not addressing their own needs.

We also explore awareness of the FCA and its services. And we look at people's trust in the FCA and understanding about what providers' use of the 'FCA badge' means to consumers.

Confidence and trust in the UK financial services industry

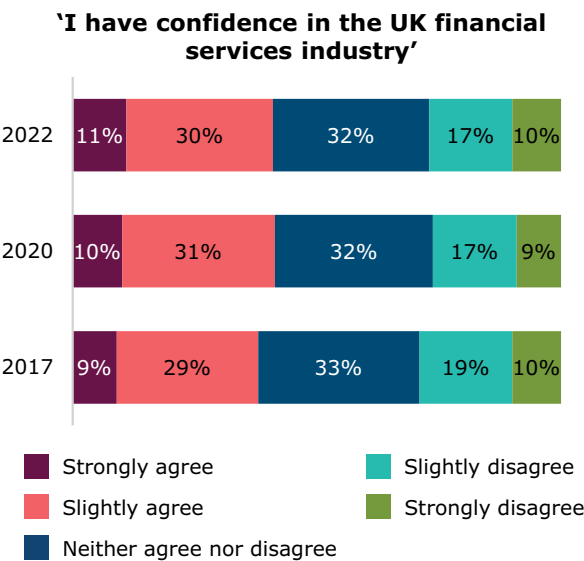
Confidence in the UK financial services industry

Consumer confidence in the UK financial services industry is fairly low, and unchanged over time.

As Figure 6.1 shows, one in nine (11%) adults strongly agreed that they had confidence in the UK financial services industry in 2022. A further three in ten (30%) slightly agreed, meaning that in total 41% agreed. This is in line with the 2020 result (41% agreed).

In contrast, 27% of adults disagreed that they had confidence in the UK financial services industry – again, in line with the 2020 result (27%).

Figure 6.1: Level of confidence in the UK financial services industry (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (5%/5%/5%) **Question:** AT2_b (Rebased). How much do you agree or disagree that...?

In 2022, men were more likely to have confidence in the UK financial services industry than women (47% vs. 36%, respectively). This gap has widened since 2020 (46% vs. 39%, respectively).

Confidence increases with age. For example, 34% of 18-24 year olds had confidence in the financial services industry, compared with 46% of adults aged 65+.

Demographic groups least likely to have confidence in the financial services industry included: those with low financial capability (17%), those who were over-indebted (24%), those in poor health (27%), and LGBT+ adults (29%).

We spoke to a few of our qualitative research respondents about the low level of confidence they had. Our conversations revealed people with long memories, relating their lack of trust to the 2008 banking crisis and to specific events which made the news, such as PPI mis-selling and LIBOR fixing. The more financially sophisticated respondents were more likely to refer to specific events in the financial markets, whereas others tended to give more general impressions or to refer to things that had happened to them.



It's a bit hard to say [why I lack confidence the industry]. Because you hear a lot of reports about people losing lots of money and stuff.

(Male, 55-64)



[Financial firms have] been very guilty of doing some very silly things over the years. This whole thing about the insurance premiums they're putting on loans without telling people. It's sharp practice and they shouldn't do it and they know they shouldn't do it. I think they'll do whatever they can get away with. I don't think anyone's particularly bad or anyone's particularly good. I think they've just got away with what they've been able to get away with.

(Male, 55-64)



Spotlight 6.1:

LGBT+ adults – their confidence in the financial services sector

In May 2022, LGBT+ adults were almost twice as likely to disagree that they have confidence in the UK financial services industry (44%, compared with 25% of adults who do not identify as LGBT+), and more than twice as likely to *strongly* disagree with this statement (20% vs. 9%, respectively).

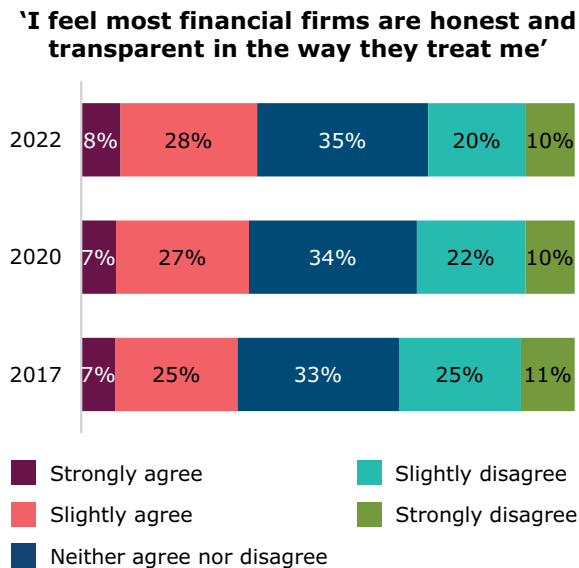
Some of this difference may be driven by demographic factors (for example, younger adults in our survey were more likely to identify as LGBT+, and younger adults were more likely to have lower levels of confidence in the UK financial services industry). However, LGBT+ adults overall had lower levels of confidence in the industry than adults who do not identify as LGBT+, even when compared with those with many similar demographic and socio-economic characteristics, such as age and household income.

Their lower levels of confidence in the industry may be driven by poorer experiences with providers. For example, in May 2022, LGBT+ adults were:

- more than twice as likely to strongly disagree that financial services firms are honest and transparent in the way they treat them (19% vs. 9% of non-LGBT+ adults)
- almost twice as likely to report experiencing a problem with their day-to-day account in the previous 12 months (20% vs. 13%)
- one and a half times more likely to report experiencing a problem with one or more of their credit products in the previous 12 months (24% vs. 16%)

Figure 6.2 shows the extent to which adults believe most financial firms are 'honest and transparent' in the way they treat them, and how this result has improved slightly since 2017.

Figure 6.2: Extent to which adults agree that most financial firms are honest and transparent (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 12,865/ 2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (4%/5%/6%) **Question:** AT1c_d (Rebased). How much do you agree or disagree that...?

In 2022, 36% of adults agreed with this statement (8% strongly agreed and 28% slightly agreed), while 29% disagreed (20% slightly and 10% strongly).

" On the TV, the news is possibly that the financial services are not improving their public image. And that leaves me with a slightly negative view on what they're doing. I think that the image they have is that they're not quite transparent.

(Male, 75+)

This is a slight improvement on our previous results: in 2017, 31% agreed with this statement and 36% disagreed.

Asked why they felt firms were not honest and transparent, our qualitative research respondents said that firms often used jargon – this can make them feel 'stupid', or that the industry is deliberately trying to obscure things to make more profit.

" There's just so much financial jargon, which is really difficult to navigate unless you sit down and take the time to learn it. Legally, they do put everything out on the table and they are transparent in that regard, but it's in a language that people don't understand and that's where the transparency is lost. And I think, ... where they can make it a lot simpler for people and they choose not to, it's because they financially benefit from having people confused.

(Female, 25-34)

" I wonder also whether some financial firms can get you baffled with the small print. You might sign up to something and it was there in the small print, but it's worded so difficult to understand that the normal person on the street might not realise what they're signing themselves up to.

(Female, 55-64)

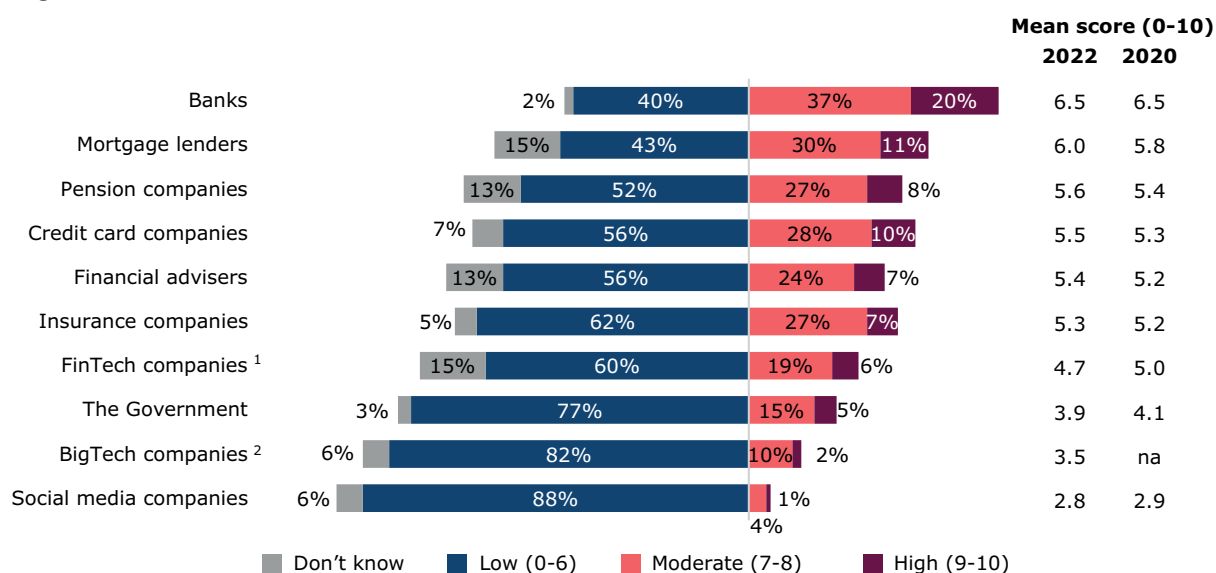
Consistent with our findings on levels of confidence in the UK financial services industry, women were less likely than men in May 2022 to feel that most financial firms are honest and transparent in the way they treat them (33% vs. 40% agreed, respectively). By age, older adults were more likely to believe that financial firms are honest and transparent than younger adults (for example, just 29% of adults aged 18-24 agreed with this statement, compared with 43% of those 65+).

Adults with one or more characteristics of vulnerability were much less likely to agree than adults with no characteristics of vulnerability (29% vs. 41%, respectively). This was particularly true for adults with low financial capability (15% agreed), over-indebted adults (23% agreed), adults with an erratic income (24% agreed), and adults in poor health (25% agreed).

Trust in different financial services sectors

We asked adults to say how much trust they have in different financial services sectors, such as banks or insurance companies. We also asked how much they trust the Government, BigTech companies and social media companies, to see how financial services compared with these other sectors. We used a scale of 0 to 10, where 0 is 'do not trust at all' and 10 is 'trust completely'. Figure 6.3 shows the percentage results and the mean average scores.

Figure 6.3: Levels of trust in different sectors (2020/2022)



Source: FLS **Base:** All UK adults (2020: 2,308/ 2022: 2,632) **Question:** AT14. In general, how much trust do you have in the following types of organisation? **Notes:** ¹ Respondents were told FinTech companies are technology-led financial services firms, eg ApplePay, Monzo, or Revolut. ² BigTech companies are large technology firms such as Google, Amazon, Apple, Facebook, Twitter and Microsoft. BigTech companies were added to the 2022 survey.

This exercise shows that levels of trust across financial services sectors are generally low but have, except for FinTech companies and banks, improved since 2020. All financial services sectors scored more highly than the comparators, ie the Government, BigTech companies and social media companies.

Banks were the most trusted type of financial institution in May 2022. Just one in five (20%) adults trusted them highly (a score of 9-10 out of 10), while 40% did not have much trust in them (0-6 out of 10). Adults had the least trust in FinTech companies, in which the overall level of trust – as measured by the mean score – decreased from 5.0 in 2020 to 4.7 in 2022.

As Table 6.1 shows, levels of trust vary by age. Older adults tended to trust banks more than younger adults, but they trusted FinTech companies a lot less. Trust in mortgage lenders peaked among 45-64 year olds and dropped for adults aged 65+, far fewer of whom have a residential mortgage. Trust was lower among adults who had low financial resilience, low capability or were in poor health.

Table 6.1: Levels of trust in different financial services sectors, across a variety of demographic and other segments (mean scores out of 10) (2022)

		Banks	Mortgage lenders	Pension companies	Credit card companies	Financial advisers	Insurance companies	FinTech ¹ companies
Total	All UK adults	6.5	6.0	5.6	5.5	5.4	5.3	4.7
Sex	Male	6.5	6.0	5.8	5.6	5.3	5.2	4.9
	Female	6	6.0	5.5	5.5	5.5	5.5	4.5
Age	18-24	6.6	5.4	5.4	5.2	5.8	5.4	6.0
	25-34	6.3	6.0	5.8	5.1	5.8	5.1	5.8
	35-44	6.1	5.8	5.5	5.1	5.4	5.1	5.1
	45-54	6.5	6.2	5.6	5.6	5.2	5.3	4.7
	55-64	6.9	6.5	5.6	6.0	5.3	5.7	4.2
	65-74	6.6	5.7	5.4	5.8	5.1	5.4	3.1
	75+	7.0	5.9	6.2	6.0	5.0	5.6	2.7
Characteristics of vulnerability	Shows any	6.1	5.4	5.2	4.9	4.9	4.8	4.2
	Does not show any	6.8	6.4	6.0	6.0	5.8	5.8	5.1
	In poor health	5.5	4.0	4.0	3.3	3.5	4.0	2.6
	Negative life events	6.3	5.7	5.7	5.2	5.4	5.1	4.4
	Low financial resilience	5.9	5.0	4.9	4.4	4.6	4.5	4.4
	Low capability	5.7	4.8	4.7	4.1	4.2	4.2	3.3
Confidence in managing money	Low/ not at all (0-6)	5.4	4.5	4.4	4.1	4.3	4.1	4.0
	Moderate (7-8)	6.5	6.0	5.8	5.5	5.6	5.4	5.0
	High (9-10)	7.1	6.7	6.1	6.2	5.7	5.9	4.8
Satisfaction with overall financial circumstances	Low/ not at all (0-6)	5.8	5.2	5.0	4.7	4.8	4.6	4.5
	Moderate (7-8)	6.8	6.4	6.0	5.9	5.7	5.7	5.0
	High (9-10)	7.4	6.8	6.3	6.4	6.0	6.1	4.7

Source: FLS **Base:** All UK adults (2022: 2,632) excluding 'don't know' responses (% varies by year and organisation type) **Question:** AT14 (Rebased). In general, how much trust do you have in the following types of organisation? **Notes:**¹ Respondents were told FinTech companies are technology-led financial services firms, eg ApplePay, Monzo, or Revolut.

Trust in financial services: Highlights from our qualitative research

Discussions with our qualitative research respondents shed some light on why people felt this way about banks, lenders, insurance companies, and pension providers.

High street banks

Respondents talked about their long-standing relationships with high street banks, and some appreciated the ease with which they can now access their accounts online. Older respondents expressed regret at how their relationship with their bank had changed over time. Negative comments focused on past mis-selling scandals, poor savings rates, and the suspicion that banks were slow to pass on interest rate increases.

“ We have to have confidence in them. If we didn't have confidence in our banks, I think it would be a nightmare. But I go back, oh, perhaps 30, maybe even 40 years, when if you were a bank manager, you were someone highly respected within the community. Now if you're a bank manager, you seem to be judged more on how many pensions or insurance policies you've sold.

(Male, 65-74)

“ Banks are fine for handling your day-to-day money, but do I trust them? No. If a bank can make a few extra quid out here by not mis-selling, but by pushing something, they will do so. And they're not always open and honest about things. As we know, one of the biggest ones is a lot of people ended up with PPI. That doesn't instil confidence in banks.

(Male, 65-74)

“ Banks I think are very slow to pass on interest increases.

(Female, 50-59)

“ In general, I feel that banks are being held more to account. So, I think a lot of them are a bit more transparent than they used to be and slightly clearer on where your money's going and how they are protecting it. They have started to advertise how they're doing that rather than just hiding it in the small print.

(Female, 25-34)

“ I believe banks are doing much better in the last year than they have done in the past. So, they're sort of top of the list with honesty and transparency – although I still suspect that they want to make money out of people.

(Male, 75+)

Credit card companies and other lenders

Respondents felt that lenders are just out to make money, or they are making it too easy to borrow, especially for the most vulnerable in society – and this perception is a barrier to trust.

“ There’s potential there, that if people are more vulnerable that you could end up in a significant amount of debt with credit card companies. And I suppose there’s a potential that they could offer somebody credit with the intention that they’re never going be able to pay this back and they get a lot of interest. I don’t think they fully consider people’s situations or backgrounds.

(Female, 25-34)

“ Mortgage lenders – I think they’re hitting borrowers hard. I’m not so sure that they’re actually trying to help in any way. People at the moment, families, are struggling, and the hint of a supposedly cheap loan is attractive to them. And I’m not so sure that the lenders are actually being proactive in helping them. They just want to make money after all.

(Male, 75+)

Insurance companies

There were two main criticisms of insurers that impacted trust. Respondents felt that companies were trying to ‘rip them off’ at renewal by deliberately offering them a higher quotation than necessary. There was also mention of having to be on the offensive, when it came to making a claim.

“ I think the impression I get with insurance companies is, if they were looking after customers, why do they increase the premiums every year? You know, if I’m a long-term customer, which I would be, if they looked after me, then I wouldn’t change. ... No, I don’t think insurance companies are very good in general.

(Male, 75+)

“ If I’m with an insurance company and I need to claim, I expect to have to fight to claim. You shouldn’t have to, but it’s the nature of the beast. If they can squeeze more money out there, they will. A bunch of crooks.

(Male, 55-64)

Pension companies

Views on pension companies varied. Most respondents had had limited dealings with pension providers and therefore had no strong views about them. Some had a sense of uneasiness simply because they did not know very much about them or what they do. Older respondents recalled poor practices from the past.

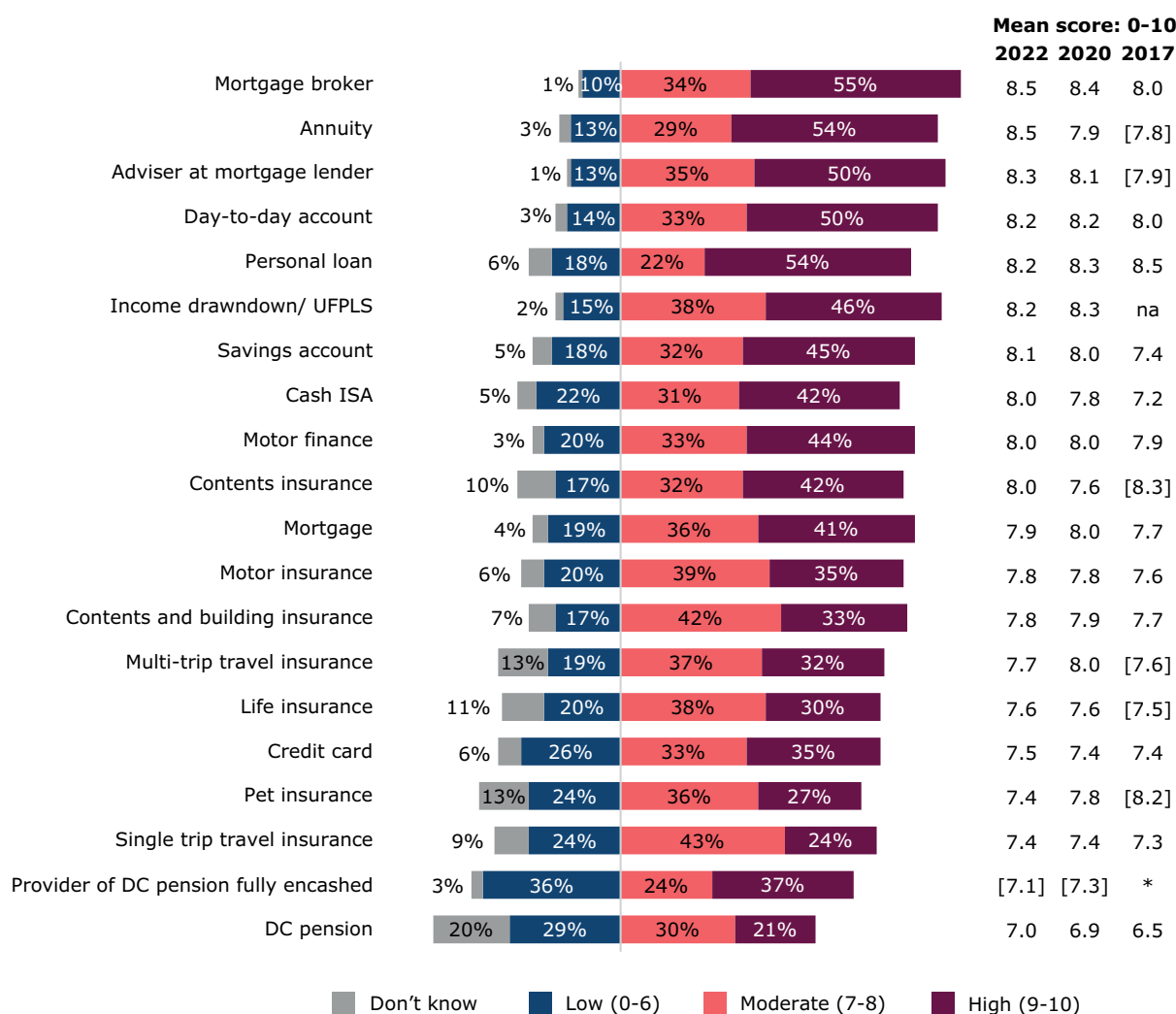
“ So, it’s a control thing. You know bricks and mortar, but you don’t know where your money is in a pension.

(Female, 35-44)

Trust in their own provider

We asked adults to say how much they trust their *own provider*, using the same 0 to 10 scale. As Figure 6.4 shows, consumers' own mortgage brokers, annuity providers, advisers at mortgage lenders, day-to-day account providers and personal loan providers were the top five trusted providers in 2022. DC pension providers were the least trusted. Results have generally stayed the same or changed little since 2020.

Figure 6.4: Level of trust adults have in their own provider (2022, with mean scores for 2017/2020/2022)



Source: FLS **Base:** All adults who hold each product (varies by product) **Question:** Trust_sum1. How much trust do you have in your provider?

Comparing results in Figure 6.3 and Figure 6.4 demonstrates that, in May 2022, people generally had higher levels of trust in their own providers than they did in financial sectors in general. For example:

- 7% of adults trusted insurance companies highly, but 35% of those with a motor insurance policy trusted their own insurer highly
- 8% of adults trusted pension companies highly, but 21% of those with a DC pension trusted their own provider highly

- 10% of adults trusted credit card companies highly, but 35% of those with a credit account trusted their own provider highly
- 11% of adults trusted mortgage lenders highly, but 41% of those with a mortgage trusted their lender highly
- 20% of adults trusted banks highly, but 50% of those with a day-to-day account trusted their own provider highly



Dealings I've had with insurers have been fairly straightforward. I think over the years I've claimed once on my house insurance many years ago. Decent companies and they didn't make me jump through hoops. Everything got sorted out fairly quickly. No complaints, and they actually provided support all in the timescales, so it worked fine.

(Male, 55-64)



I kind of have to trust them as I have house insurance and car insurance. I have claimed on my car insurance before, and they covered all the costs. They were very good in dealing with my claim.

(Female, 25-34)



I've had a bank account since I was maybe about 14. I feel like everybody has a bank account. You have to have a bank account to get on. I suppose you see banks every day. Everybody has accounts. You grow up with them. It's where your wages get paid into. As I said, I've never had an issue with my bank.

(Female, 25-34)

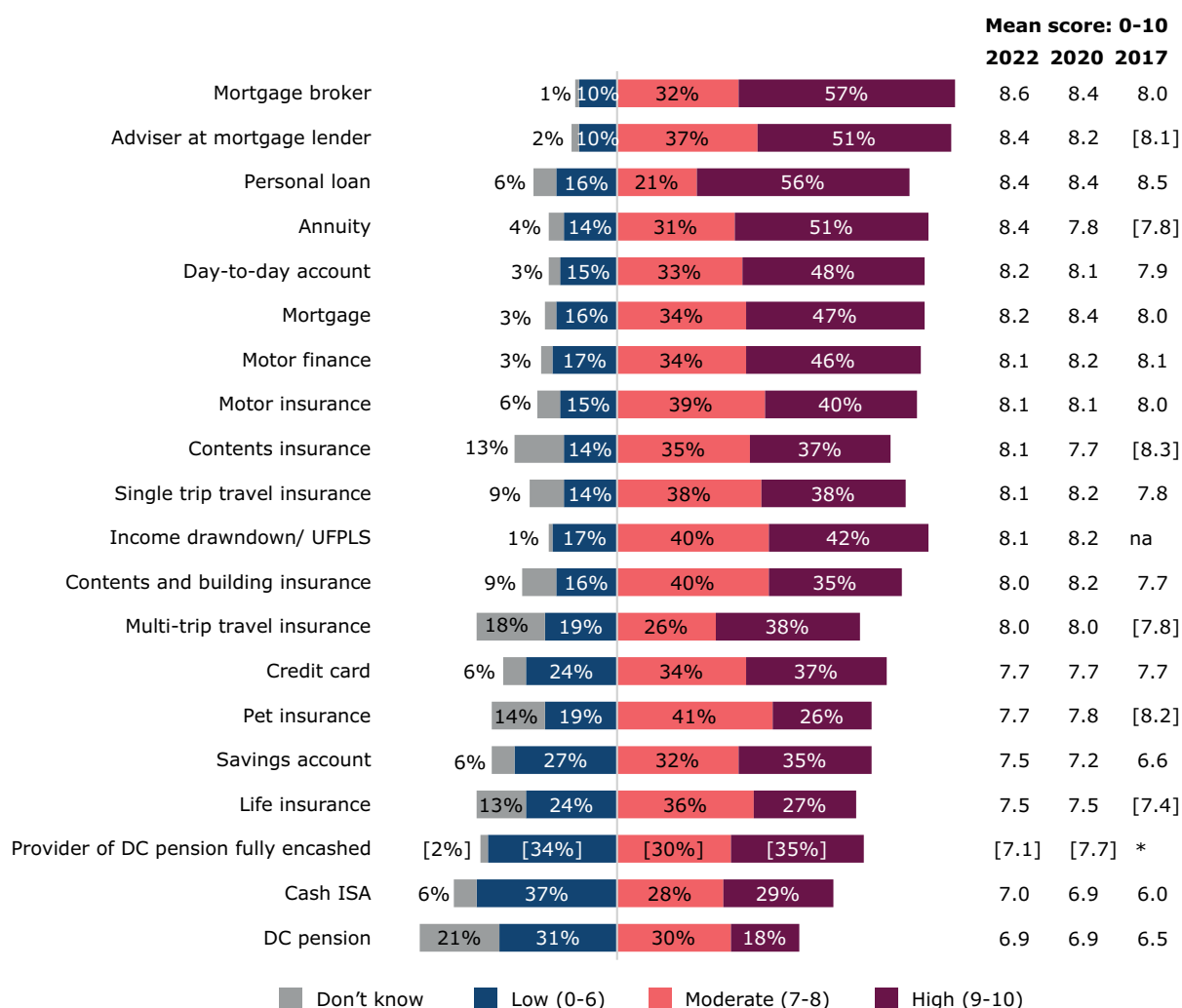


Satisfaction with their own provider

We asked adults to say how satisfied they were with their own providers, using the same 0 to 10 scale. The results in Figure 6.5 show that, in 2022, satisfaction scores were generally moderate to high across the board. They have generally stayed the same or changed little since 2020.

Consumers' top five providers for satisfaction in 2022 were the same top five for trust, with mortgage brokers in the top spot, followed by advisers at a mortgage lender, personal loan providers, annuity providers and day-to-day account providers. Consumers were least satisfied with their DC pension provider.

Figure 6.5: Level of satisfaction adults have with their own provider (2022, with mean scores for 2017/2020/2022)



Source: FLS **Base:** All adults who hold each selected product (varies by product) **Question:** Sat_sum1. Overall, how satisfied are you with your provider?

As we detailed in Figure 6.4 and Figure 6.5, DC pensions providers received the lowest mean scores for trust and satisfaction (7.0 and 6.9, respectively) in 2022. They also received the highest non-response rates – one in five DC pension holders did not know how much they trusted their provider (20%), nor how satisfied they were with them (21%) and, therefore, did not give a score.

This may be partly due to low levels of engagement. For example, 30% of adults with a DC pension did not know in May 2022 who their pension provider was, 30% did not know how much their pension pot was worth, 55% were not aware that fees are charged on pensions, and 66% had never reviewed where their pension is invested (or had not done so since they joined their scheme).

Almost half of pension holders with very low levels of engagement said they did not know how much they trusted their pension provider (46%) nor how satisfied they were with them (46%). Around one in three of these pension holders said they had low levels of trust (30%) or satisfaction (33%) in their provider. In contrast, relatively few highly engaged pension holders said likewise (3% did not know how much they trusted their pension provider, 3% did not know how satisfied they were with them, 20% gave a low trust score, and 21% gave a low satisfaction score).¹⁷



I dealt with one pension company when I had a small private pension, very small, £30,000. They're one of the ones that I took the money out of to pay for the house alterations two years ago. They were okay. I felt they were pretty good.

(Male, 75+)



Trust, satisfaction and confidence in advisers

Adults who received regulated financial advice in the last 12 months

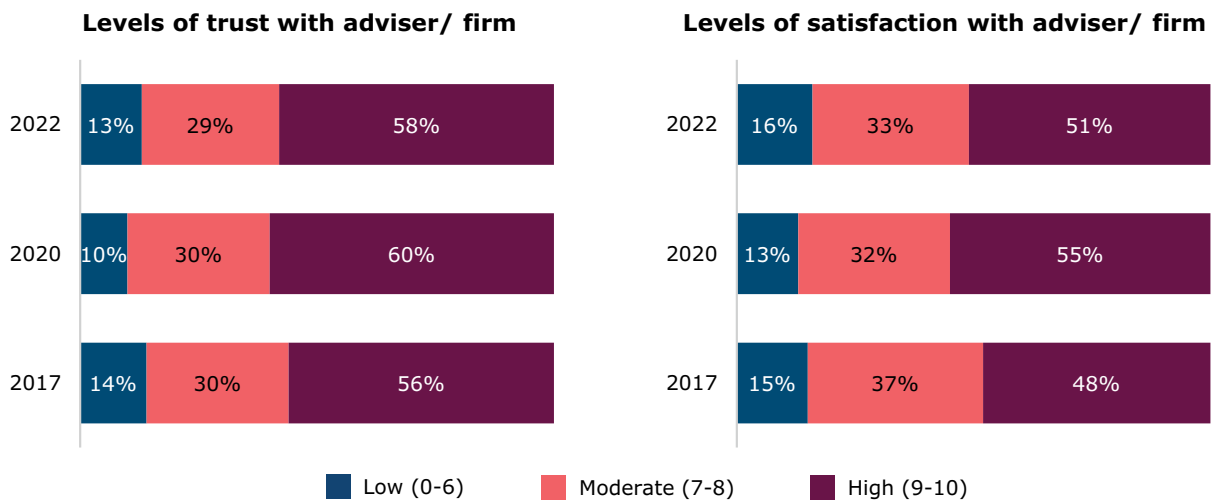
As shown in Chapter 2 (Product holdings, assets and debts), in May 2022 8% of adults had received regulated financial advice in the previous 12 months.

We asked these adults how much they trusted their adviser and how satisfied they were with them, again using the same 0 to 10 scale.

Nearly three-fifths (58%) of advised adults had high levels of trust in their adviser in 2022, and few (13%) had low levels of trust. Trust levels have not changed significantly since 2017. Levels of satisfaction were also high – although they have gone down slightly since 2020. These results are shown in Figure 6.6.

¹⁷ Please see the Glossary for an explanation of how we define pension engagement.

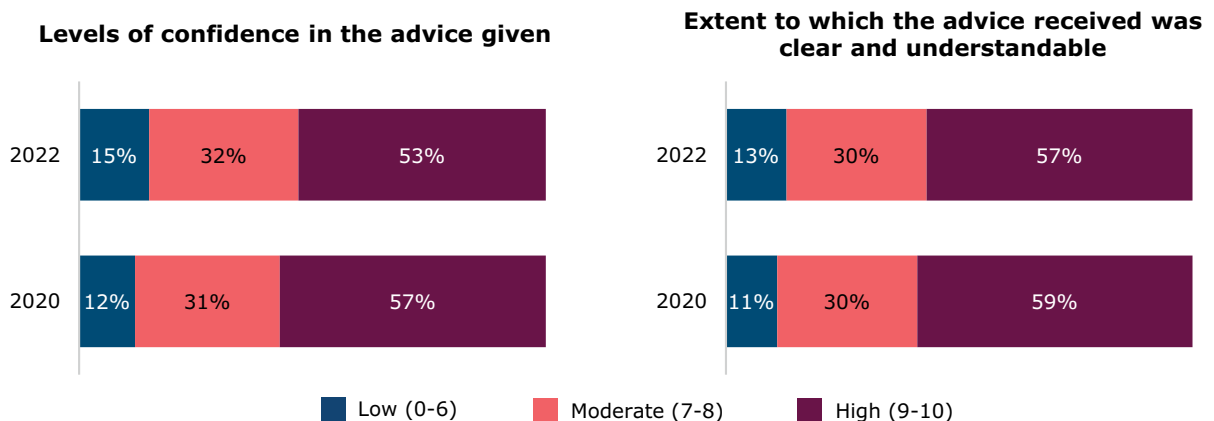
Figure 6.6: Levels of trust and satisfaction with adviser/firm (2017/2020/2022)



Source: FLS **Base:** All UK adults who have received regulated advice in the last 12 months (2017: 683/ 2020: 1,459/ 2022:1,100) excluding 'don't know' responses (1%/3%/5%/2%/3%/6%) **Question:** Adv_D18 (Rebased). How much did you trust this adviser/firm?/Adv_DNEW (Rebased). Overall how satisfied were you with your adviser/firm?

Figure 6.7 shows that, in 2022, just over half (53%) of advised adults were highly confident in the advice they were given, and that nearly six in ten (57%) highly agreed that the advice they received was clear and understandable. These results are slightly down on those given in 2020.

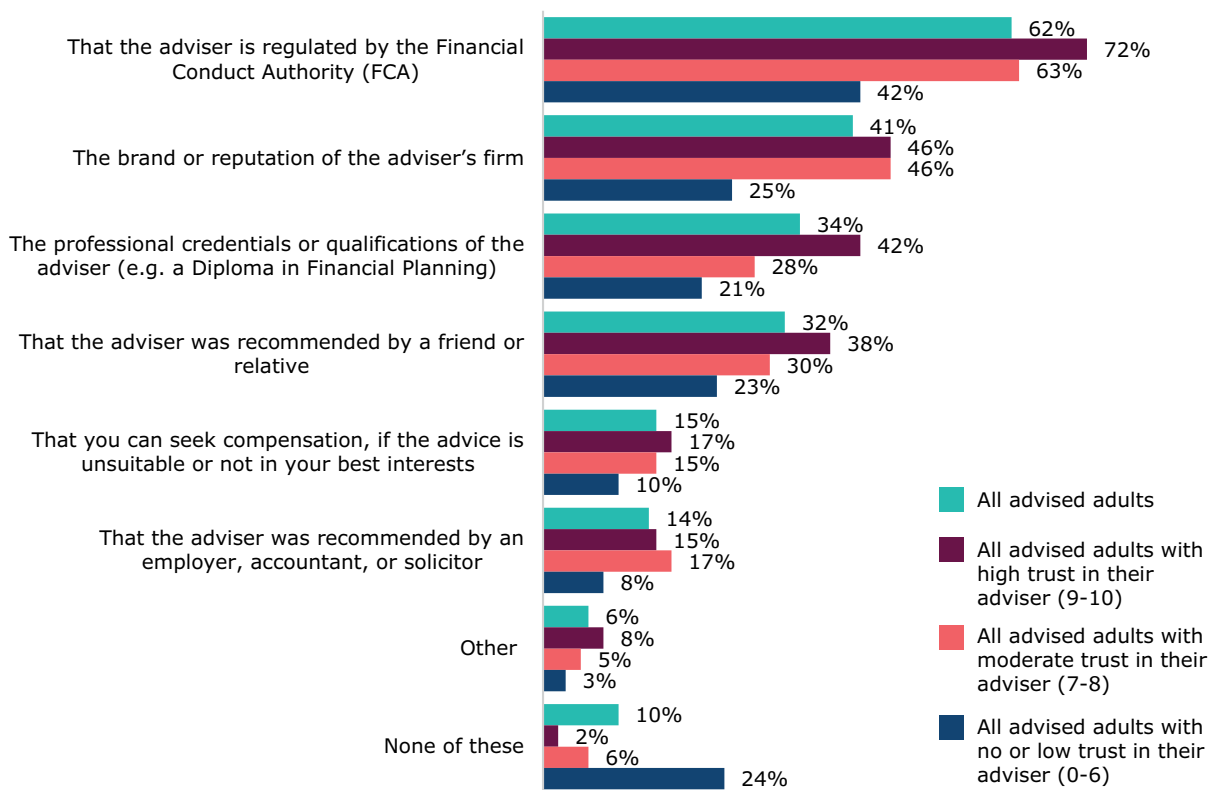
Figure 6.7: Levels of confidence in the advice given by adviser and the extent to which advice received was clear and understandable (2020/2022)



Source: FLS **Base:** All UK adults who have received regulated advice in the last 12 months (2020: 1,459/ 2022: 1,100) excluding 'don't know' responses (2%/6%/2%/5%) **Question:** Adv_DNEWa (Rebased). How much confidence did you have in the advice given?/Adv_DNEWb (Rebased). To what extent would you say the advice you received was clear and understandable? **Note:** This question was not included in the 2017 survey.

Advised adults were asked which of the factors shown in Figure 6.8 contributed to the level of trust they had in their adviser. Over six in ten (62%) cited the fact that the adviser is regulated by the FCA – rising to 72% of those advised adults who trusted their adviser highly. This was the most cited factor by some way. The next most cited reasons were the adviser's brand or reputation (41% of advised adults cited this) and the adviser's professional credentials or qualifications (34%).

Figure 6.8: Factors that contribute to the level of trust adults who received regulated advice in the last 12 months have in their adviser (2022)



Source: FLS **Base:** All UK adults who have received regulated advice in the last 12 months (2022): All (1,100), High trust in their adviser (646), Moderate trust in their adviser (307), Low or no trust in their adviser (106) **Question:** Adv_D19. Which, if any, of the following contribute to the level of trust you have in your adviser? **CAVEAT**

Adults with high trust were also more likely to cite the professional credentials or qualifications of the adviser as one of the reasons why they trusted them highly (42%) than those with moderate or low levels of trust in their adviser (28% and 21%, respectively).



I used a bit of my savings to see a financial adviser. He's got a good reputation. You have to trust them a little bit, don't you? At the minute I am going with them looking after my pension, because there's no point just moving it. They need to have their eyes on it. Because otherwise I'll be back in the dark of not really knowing anything.
(Female, 55-64)

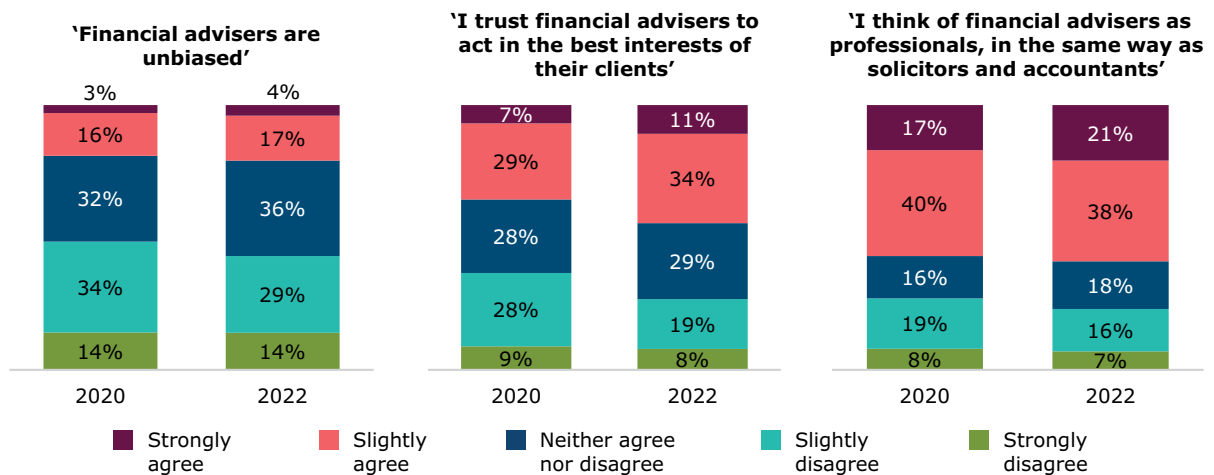


Adults who have not had advice, but might have a need for it

In May 2022, 14.8 million adults (28% of all UK adults) had not had regulated advice in the previous 12 months but may have had a need for it, as they had £10,000 or more in investible assets, or they had £10,000 or more in their DC pension and intended to access it or to retire in the next two years.

Figure 6.9 shows that trust in, and the perception of the independence of, financial advisers could be a barrier to seeking advice for many consumers that might have a need for advice.

Figure 6.9: Attitudes to financial advisers held by adults who have not had advice in the last 12 months but might have a need for it (2020/2022)



Source: FLS **Base:** All UK adults who have not had advice in the last 12 months and might have a need for it (2017: 3,220/ 2020: 2,217/ 2022: 1,362) excluding 'don't know' responses (9%/7%/4%/6%/3%/5%/2%) **Question:** A2_k/e/j (Rebased). How much do you agree or disagree with each of the following statements about financial advice?

In 2022, only one in five of these non-advised adults (21%) agreed that financial advisers are unbiased (4% strongly agreed and 17% slightly agreed). Less than half (45%) trusted financial advisers to act in the best interest of their clients. Six in ten (59%) said they thought of financial advisers as professionals like solicitors or accountants, but only 21% strongly agreed with this.

That said, attitudes have improved somewhat since 2020. For example, in 2020, just 36% of these non-advised adults trusted advisers to act in the best interests of their clients, compared with 45% in 2022.



I think largely that they're only in the business for their own benefits and not for anybody else's benefit.

(Male, 65-74)



I've got this sort of feeling with financial advisers, if they were any good, they'd have made their own millions. They'd have retired early, and they'd be on a beach in The Bahamas.

(Male, 65-74)

Awareness and trust in the FCA and understanding about what we do

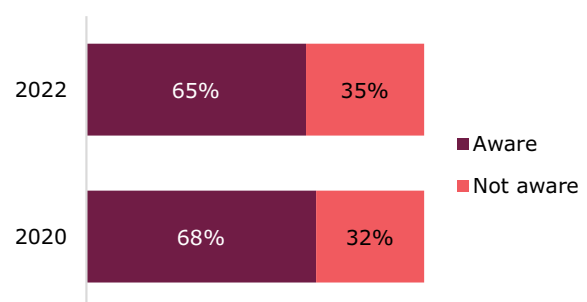
Awareness of the FCA

We asked adults whether they had heard of the FCA prior to receiving correspondence about the survey. Two-thirds (65%) said that they had, down from 68% in 2020. These results are shown in Figure 6.10.

However, it is worth noting that these awareness figures may be slightly inflated as individuals who were already aware of the FCA might have been more inclined to participate in the survey.

Recent research by the Information Commissioner's Office,¹⁸ conducted in September 2022, reported that 59% of UK adults were familiar with the FCA (15% very familiar and 44% quite familiar) – broadly in line with Financial Lives 2022 survey results.

Figure 6.10: Awareness of the FCA (2020/2022)



Source: FLS **Base:** All UK adults (2020: 974/ 2022: 2,078) **Question:** FCA1. Before you received any correspondence about this survey, had you heard of the FCA?

Our qualitative research conversations revealed that some respondents were confused about the relative roles of the FCA, the FSCS and the FOS. Some believed them to be the same organisation.



I know [the FCA] is about how products and financial services are operated. It's about ensuring that people are given fair advice. It's also giving people a route, if they feel that they've been mis-sold something. There's somewhere where they can go for help. It's ensuring the fair selling of products and that the businesses run themselves in an ethical and honest way.

(Male, 55-64)



Are they the people you have the protection with? The £80,000 in any banking group?

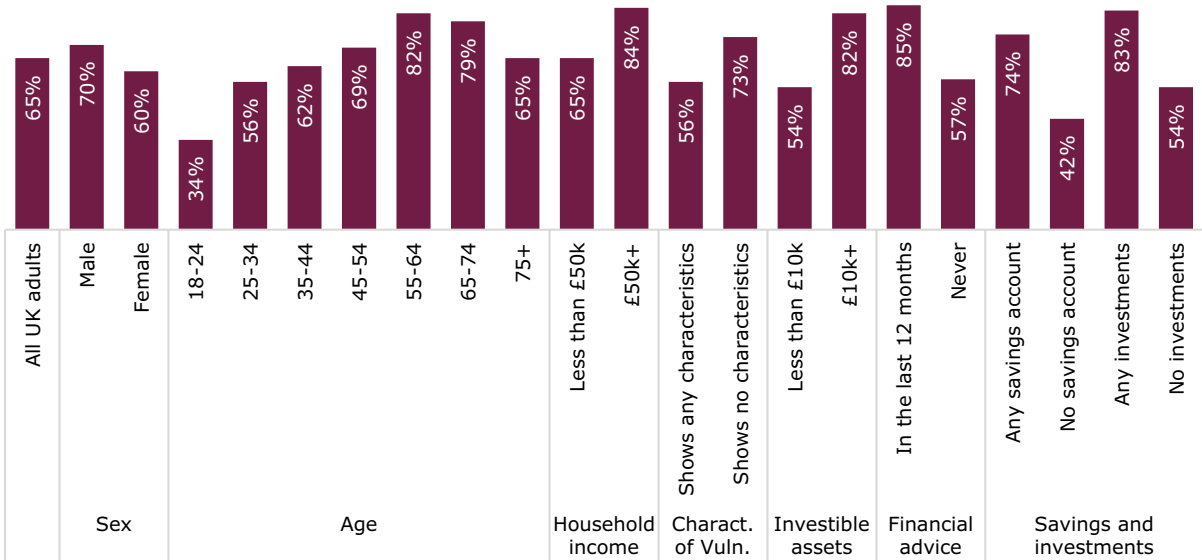
(Female, 55-64)

As Figure 6.11 outlines, awareness of the FCA was higher among men than women and increased with age, peaking at 85% among 55-64 year olds.

18 Information Commissioner's Office 'Public Awareness Survey 2022' <https://ico.org.uk/about-the-ico/research-and-reports/public-views/>

Awareness was lowest among adults with one or more characteristics of vulnerability, those with lower household incomes, those with limited investible assets or no savings or investment products. In contrast, advised adults or those who had investments were far more likely to be aware of the FCA.

Figure 6.11: Awareness of the FCA, across a variety of demographic segments (2022)

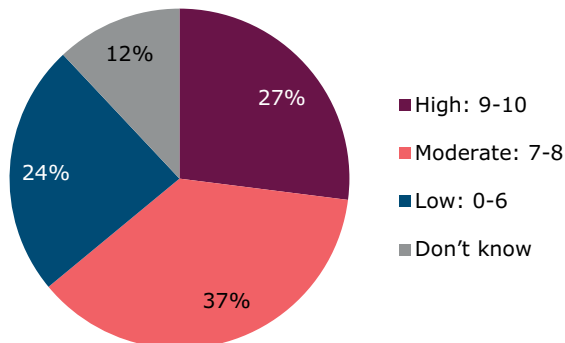


Source: FLS Base: All UK adults (2022: 2,078) Question: FCA1. Before you received any correspondence about this survey, had you heard of the FCA?

Trust in the FCA

Figure 6.12 shows that just over a quarter (27%) of adults who were aware of the FCA had high levels of trust in it to protect their best interests as consumers of financial products and services. A similar proportion (24%) had low levels of trust, and one in eight (12%) did not know.

Figure 6.12: Levels of trust in the FCA to protect the best interest of consumers (2022)



Source: FLS **Base:** All UK adults who have heard of the FCA (2022: 1,483) **Question:** FCA4. Based on your current knowledge, how much do you trust the FCA to protect your best interests as a consumer of financial products and services?

It's one of those things that you don't recognise the FCA probably doing anything for you until something goes wrong. And, for me, I've not got myself into any issues or scams or anything like that, so I kind of forget that it exists in a way. I feel like they are probably doing their jobs well for that reason.

(Male, 18-24)

I think they need to debunk a lot of financial jargon for people to make it really understandable.

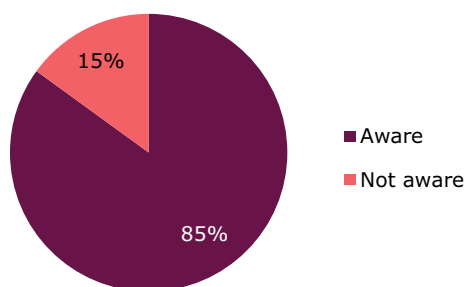
(Male, 55-64)

Awareness and understanding of FCA services and safeguards

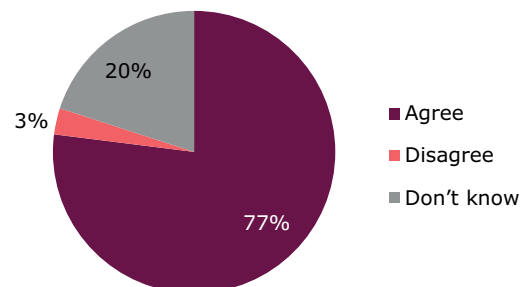
As Figure 6.13 shows, most (85%) adults who had heard of the FCA were aware that we have rules for how financial services firms treat their customers. Over three-quarters (77%) correctly agreed that authorised firms must meet FCA standards to deliver certain financial services.

Figure 6.13: Awareness that the FCA has rules and standard for how financial services firms treat their customers and that authorised firms must meet FCA standards (2022)

Awareness that the FCA has rules and standard for how financial services firms treat their customers



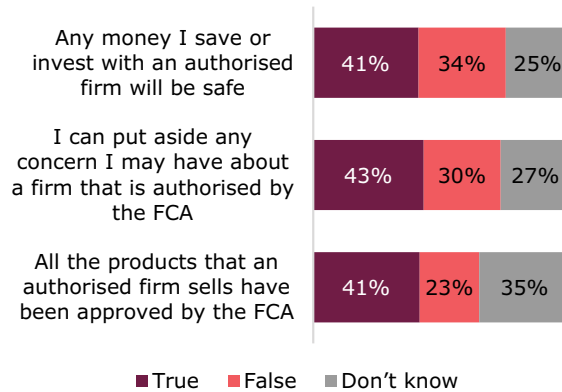
Awareness that authorised firms must meet FCA standards to deliver certain financial services



Source: FLS **Base:** All UK adults who have heard of the FCA (2022:1,483) **Question:** FCA10. Before today, were you aware that the FCA has rules and standards for how financial services firms treat their customers?/FCA5_d. Which of the following statements about being authorised and regulated by the FCA would you say are true? An authorised firm has met the FCA's standards so is allowed to deliver certain financial services.

There was mixed understanding of the FCA's role. Figure 6.14 shows how many adults, who had heard of the FCA, were correct in knowing that the three statements listed were false.

Figure 6.14: Awareness of the FCA's role among adults who have heard of the FCA (2022)



Source: FLS **Base:** All UK adults who have heard of the FCA (2022: 1,483) **Question:** FCA5_a-d. Which of the following statements about being authorised and regulated by the FCA would you say are true?

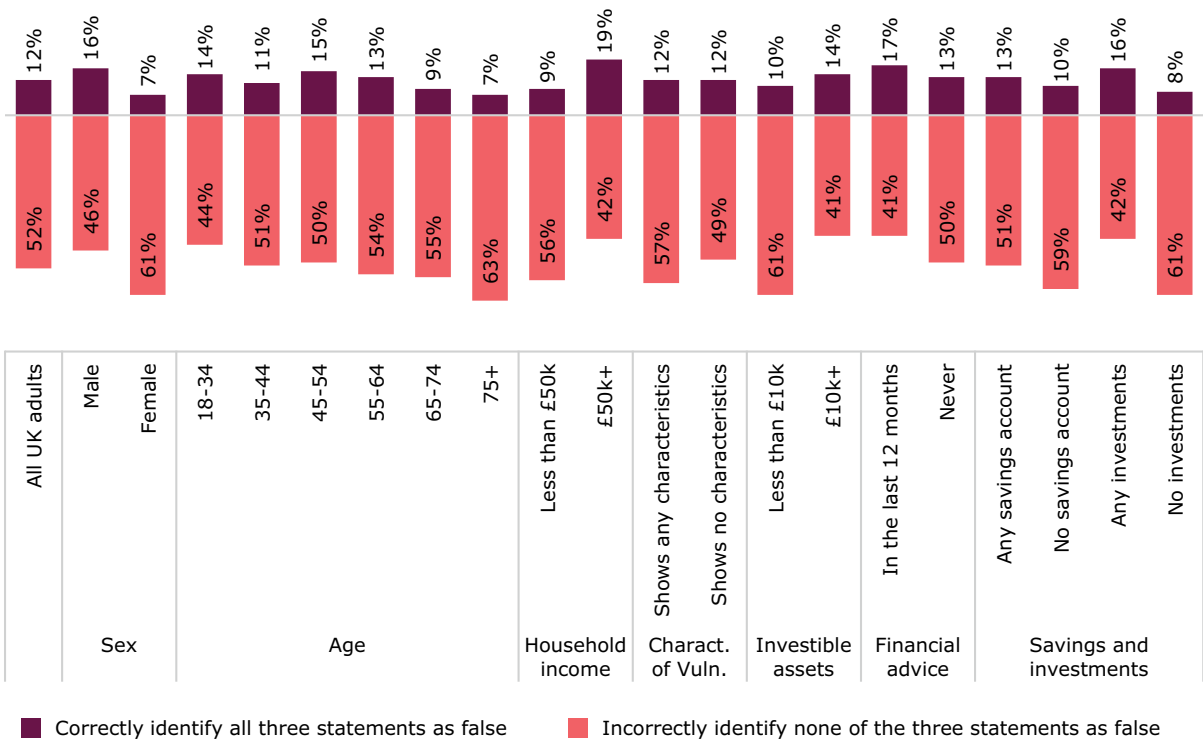
- A third of those aware of the FCA (34% or 11.8m) knew that saving or investing money with a firm authorised by the FCA did not mean their money was safe
- Three in ten (30% or 10.3m) knew that authorisation of a firm by the FCA did not mean that any concerns about the firm could be put aside
- Under a quarter (23% or 8.0m) knew that FCA authorisation of a firm does not mean that the FCA has approved all the products the firm sells

Just 12% – or 4.1 million adults – identified all three statements as false, while 52% – or 17.9 million – identified none of the three statements as false.

Consumers may take less care when buying financial products and services if they assume their money will be safe with an FCA-authorised firm, that any product a firm sells is approved by the FCA, and that any concerns they may have about a firm can be put to one side.

As Figure 6.15 shows, understanding of the FCA's role was quite low across all demographic groups, although slightly better among adults with a higher household income, more investible assets, or who had investment products.

Figure 6.15: Awareness of the FCA's role among adults who have heard of the FCA, across a variety of demographic segments (2022)



Source: FLS Base: All UK adults who have heard of the FCA (2022: 1,483) Question: FCA5sum2. Awareness of FCA's role summary.

“

[The 'FCA badge'] means to me as a domestic user I'll be dealing with somebody who will be doing things right, and who also wouldn't be or shouldn't be able to defraud me. And if they did try to do anything, then I'll be able to go via the authorities and get something done about it.

(Male, 55-64)

“

To me [the 'FCA badge'] means if something had happened and I wasn't happy and I couldn't get it resolved, then I could contact them.

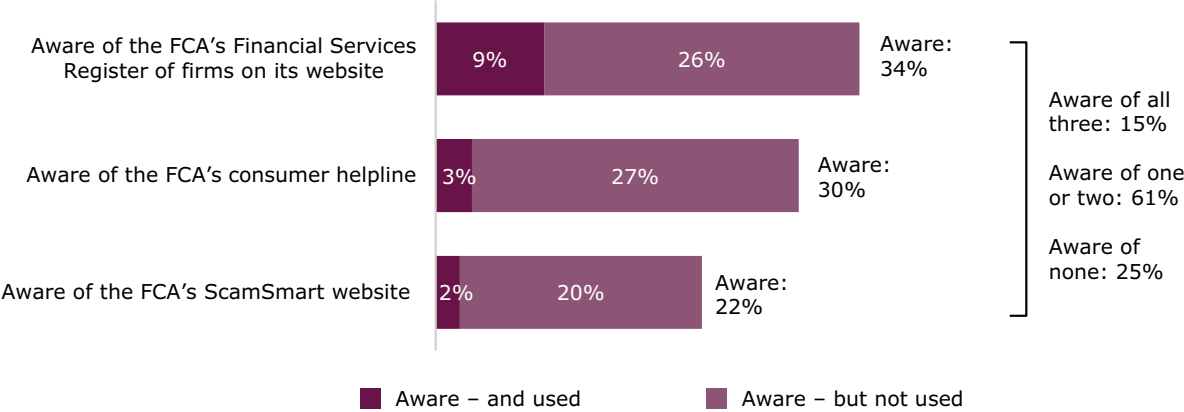
(Male, 55-64)

Figure 6.16 shows adults' awareness of specific FCA services in May 2022.

A third (34%) of adults were aware of the FCA's Financial Services Register of firms on its website – down slightly from 37% in 2020. Just under one in ten (9%) were aware of the Register and had used it.

Three in ten (30%) were aware of the FCA's consumer helpline, and just over a fifth (22%) were aware of the FCA's ScamSmart website.

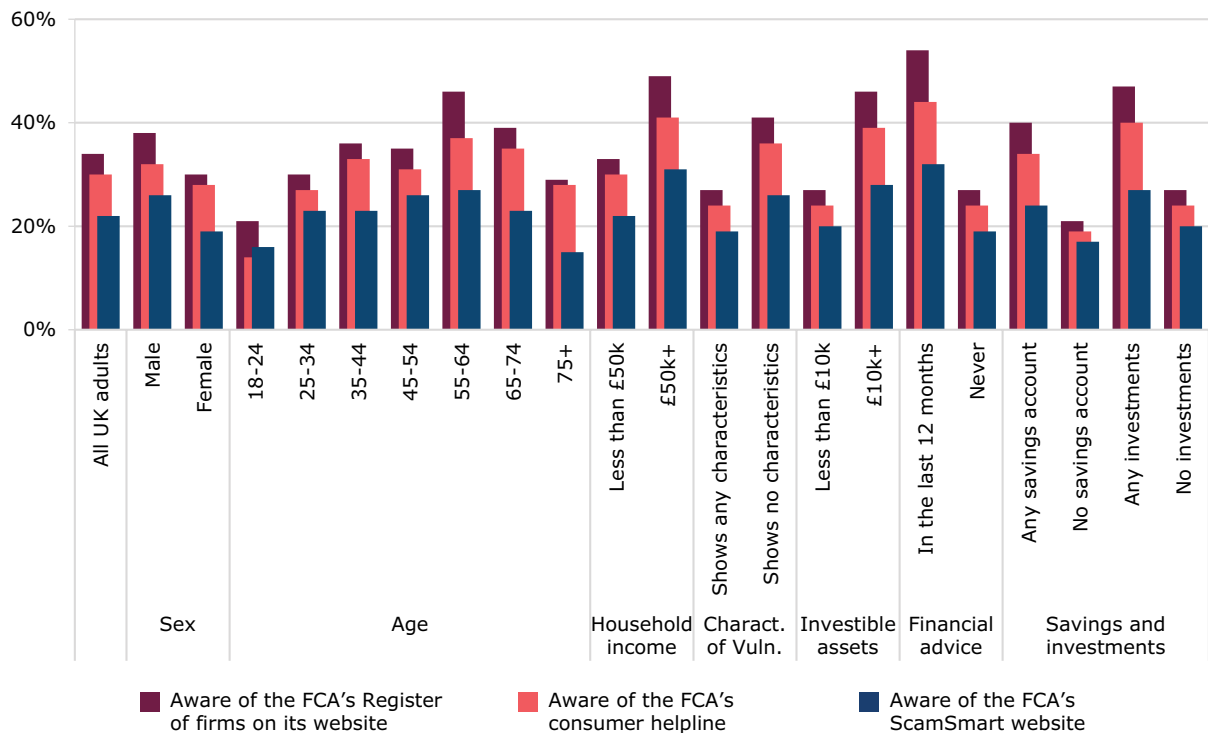
Figure 6.16: Awareness and use of FCA services (2022)



Source: FLS **Base:** All UK adults (2022: 2,078) **Question:** FCA3. Before today, were you aware of the FCA's Financial Services Register of firms on its website? **CAVEAT** /FCA6 (Rebased). Before today, were you aware of the FCA's consumer helpline?/FCA7. Before today, were you aware of the FCA's ScamSmart website on how to avoid investment and pension scams? You may have seen the FCA's logo 'Be a ScamSmart Investor'

As Figure 6.17 shows, awareness of these three FCA services tended to be lower among women than men, for younger adults than older adults, and for those with characteristics of vulnerability compared with those with no characteristics.

Figure 6.17: Awareness of the FCA's role, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 2,078) **Question:** FCA3. Before today, were you aware of the FCA's Financial Services Register of firms on its website? ^{CAVEAT}/FCA6 (Rebased). Before today, were you aware of the FCA's consumer helpline?/FCA7. Before today, were you aware of the FCA's ScamSmart website on how to avoid investment and pension scams? You may have seen the FCA's logo 'Be a ScamSmart Investor'

Chapter 7

Consumer engagement with their finances and their experiences with financial services

Key facts and figures at May 2022: Around a quarter of UK adults had low confidence in their ability to manage their money and about a third had poor or low levels of numeracy. Apart from insurance where 68% generally shop around, for other financial products only a minority (44%) do so.

In May 2022, 12.8 million adults (24%) had **low confidence** in their ability to manage their money; 10.0 million (19%) did not consider themselves to be 'confident and savvy' when it comes to financial services and products; 20.3 million (38%) rated their knowledge of financial matters as low, and 8.7m (17%) were not confident in their own ability to find financial products and services that are right for them.

A total of 18.2 million adults (34%) had poor or low **levels of numeracy** involving financial concepts, meaning they were not able to demonstrate understanding of financial concepts like interest, compound interest and inflation.

Inertia was common across many users of financial services products, especially in banking. For example, in May 2022, two-thirds (65%) of personal current account holders had held their account for 10 years or more. **Switching rates** were lowest for day-to-day accounts, cash savings products and life insurance, while contents and buildings insurance, and motor insurance, had the highest levels of switching.

In May 2022, over two-thirds (68%) of adults said they always or usually **shop around** for insurance products. Far fewer (44%) reported doing the same for other financial products, such as current accounts, savings accounts and ISAs. Many consumers believed it was not worth shopping around because there is no real difference between providers. This belief was particularly prevalent among holders of day-to-day accounts, savings accounts, and cash ISAs.

Some consumers told us they had **experienced problems** with their product or provider in the 12 months to May 2022. Where problems occurred, the most-commonly reported were poor customer service, delays, IT system failures or service disruptions, and unexpected fees or charges – resulting in increased stress levels and time spent resolving the issue. Retail investment product holders were the most likely to report experiencing a problem in this period (22%).

We also asked consumers if they had encountered any **issues related to provider communication and customer support services**. In the 12 months to May 2022, 7.4 million adults attempted to contact one or more of their financial services providers, only to be unsuccessful. 3.6 million were able to contact one of their financial services providers but could not get the information or support they wanted, and 4.3 million said they received information from their provider that they could not understand, was not what was needed or was not timely.

Scope

In this chapter, we explore topics related to consumers' engagement with their finances and their experiences with financial services firms.

We look at self-reported scores for consumer confidence, knowledge about financial matters, and confidence in working with numbers.

We go on to look at switching and shopping around including how common it is for different financial products, the reasons consumers give for not doing so, and the experiences of those who have.

We explore the problems consumers have in dealing with their financial services providers, including IT service disruptions.

Finally, we look at how satisfied consumers are with the communication and customer service they receive from their providers, and the impacts of poor communication and customer service.

Consumer confidence in managing money, working with numbers and understanding financial concepts

Financial knowledge and confidence

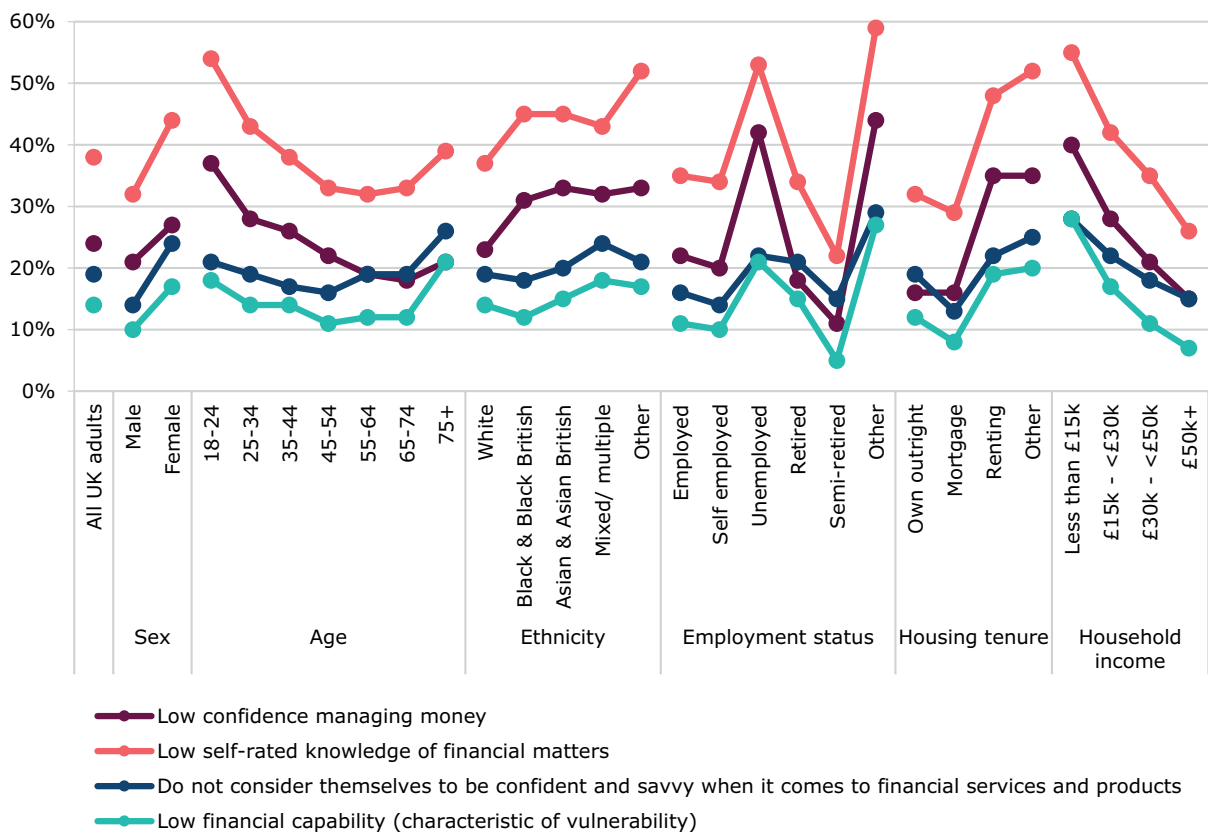
In Chapter 3 (Consumers with characteristics of vulnerability), we introduced three different measures of consumer financial knowledge and confidence and explained how we use these in our vulnerability algorithm to identify adults with low financial capability. As a recap, in May 2022:

- 24% of adults had low levels of confidence in managing their money – on balance, a slightly worse result than that recorded in 2020
- 19% of adults did not consider themselves to be confident and savvy when it comes to financial services and products – this sentiment has changed little since 2020
- 38% rated their knowledge of financial matters as low – unchanged from 2020

Collectively, 14% of adults had low financial capability in May 2022 because they rated their knowledge of financial matters or confidence in managing money as particularly low or strongly disagreed that they are a confident or savvy consumer when it comes to financial services and products.

Figure 7.1 indicates that financial capability varied significantly across different demographic groups in May 2022. Women were more likely than men to report low levels of confidence and knowledge in financial matters. Other groups that were more prone to rating their financial confidence and knowledge as low included young adults aged 18-24 and those aged 75+, ethnic minorities, unemployed adults and those with 'other' working status,¹⁹ renters, and those with a household income of less than £15,000 a year.

Figure 7.1: Low knowledge or confidence, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (1%/1%/3%/-) **Question:** AT1a (Rebased). How confident do you feel managing your money?/AT5 (Rebased). How knowledgeable would you say you are about financial matters?/AT1c_c (Rebased). How much do you agree or disagree with the following statements? When it comes to financial services and products, I would consider myself to be a confident and savvy consumer./Characteristics of vulnerability (v2): Capability **Note:** For supporting data, please refer to Volume 1 and Volume 2 of the published data tables.

19 'Other' working status includes students, those who are long-term or temporarily sick, those who are looking after the home and carers.



I wish I had put more effort into understanding financial products and services in my 30s so I could have done more with my income both in terms of investments and lending. Like a lot of folks, I only really looked at it in any detail in my 50s as retirement appeared on the horizon!

(Male, 55-64)



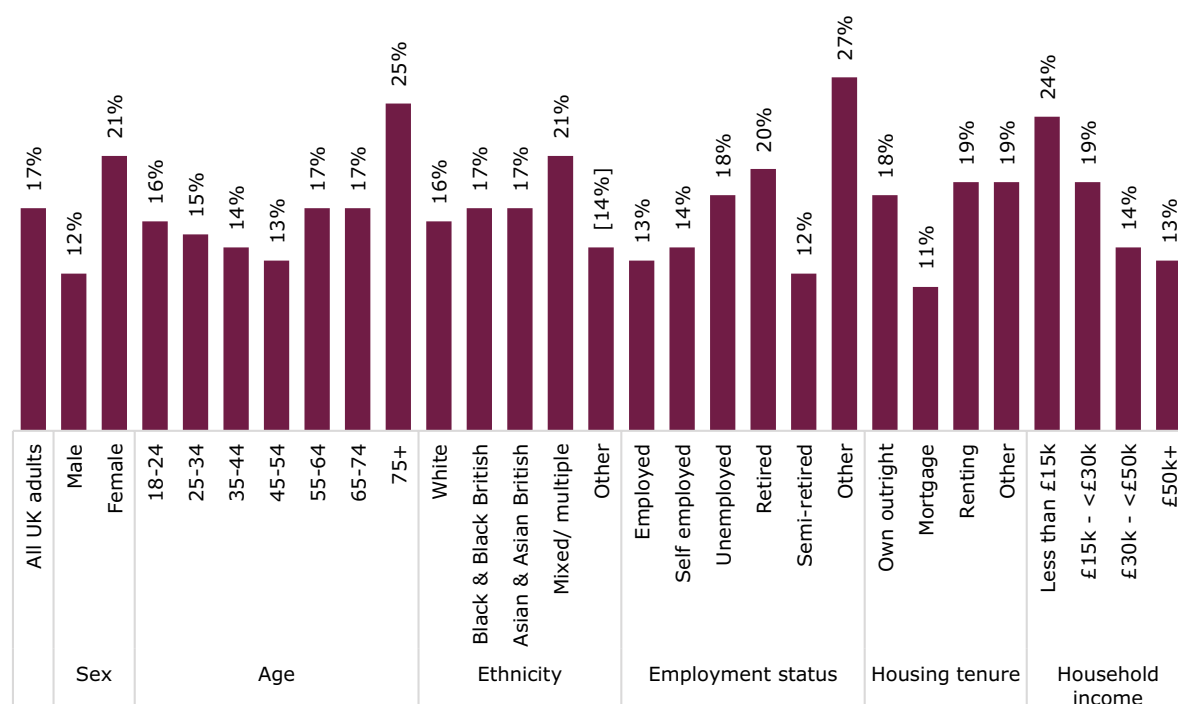
As we will go on to discuss in this chapter, low financial capability can have a significant negative impact on how people feel about dealing with their finances.

Confidence in one's own ability to find suitable financial products and services

We asked adults how confident they are in their own ability to find financial products and services that are right for them. Overall, just one-quarter (25%) were highly confident in their ability to do so, with an additional two-fifths (42%) reporting moderate confidence. Conversely, one in six (17%) adults expressed a lack of confidence, totalling 8.7 million individuals. Among adults who lacked confidence, three-quarters (75%) also rated their knowledge of financial matters as low, and three-fifths (61%) disagreed that they are a confident and savvy consumer when it comes to financial products and services.

Figure 7.2 shows the percentage of adults who lacked confidence in their own ability to find financial products and services that are right for them, across a variety of demographic segments. Once more, the data reveals that women were significantly more likely than men to say they lacked confidence (21% vs. 12%), as were adults aged 75+ (25%) and those with a household income of less than £15,000 a year (24%).

Figure 7.2: Adults not confident in their own ability to find financial products and services that are right for them, across a variety of demographic segments (2022)

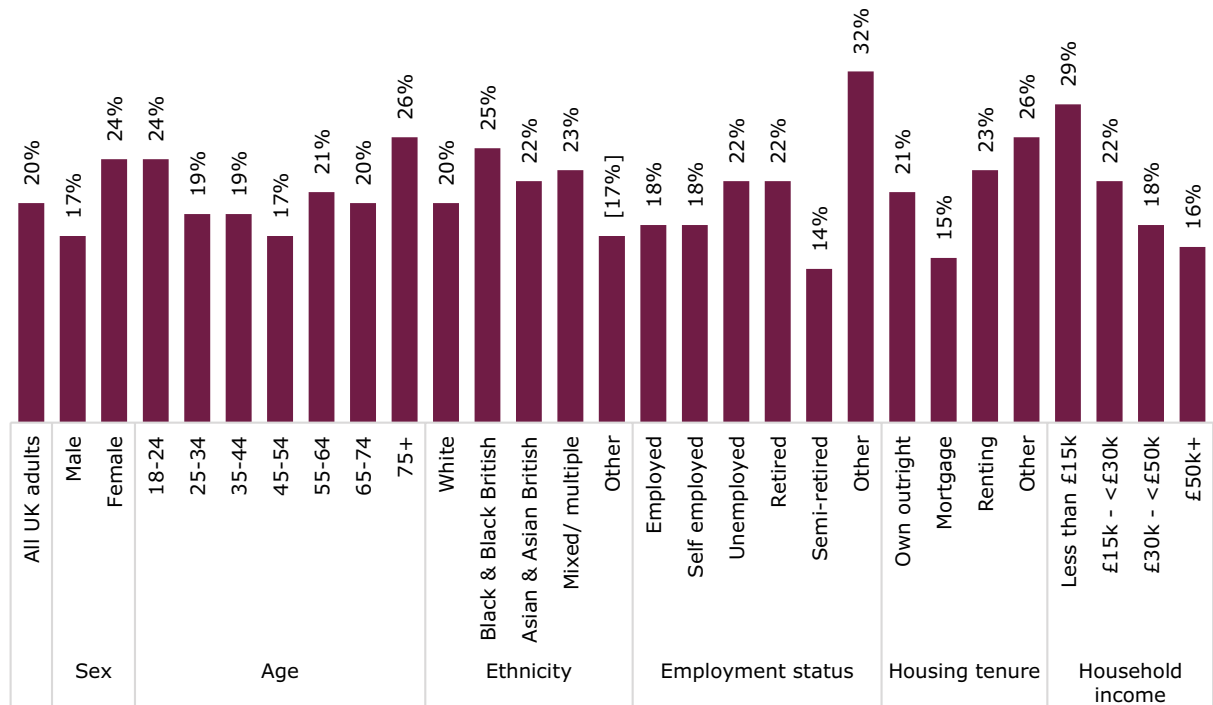


Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (3%) **Question:** AT27_c (Rebased). How much do you agree or disagree with the following statements? 'I am confident in my own abilities to find financial products and services that are right for me.'

We also asked consumers the extent to which they agreed or disagreed that they have a reasonable understanding of how much financial products and services cost. Only a quarter (20%) of adults strongly agreed that they had a reasonable understanding, with an additional two-fifths (41%) somewhat agreeing that they did. Conversely, one in five (20%) adults disagreed, totalling 10.8 million individuals.

Figure 7.3 presents the data on those who disagreed with this statement, across a variety of demographic segments. Notably, women were more likely than men to say they did not have a good understanding of how much financial products and services cost (24% vs. 17%, respectively) – as were adults aged 18-24 and those aged 75+, compared with those aged 25-74.

Figure 7.3: Adults who disagree that they have a reasonably good understanding of how much financial products and services cost, across a variety of demographic segments (2022)

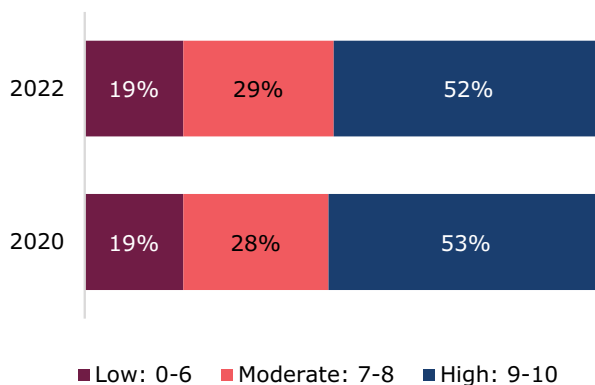


Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (4%) **Question:** AT27_a (Rebased).
How much do you agree or disagree with the following statements? 'I have a reasonably good understanding of how much financial products and services cost'.

Confidence in working with numbers

We asked adults to rate how confident they feel working with numbers when they need to in everyday life. As shown in Figure 7.4, 19% (10.3m) rated their confidence as low in May 2022, 28% (15.1m) as moderate, and 51% (27.5m) as high. These results have not changed significantly since 2020.

Figure 7.4: Confidence in working with numbers in everyday life (2020/2022)



Source: FLS **Base:** All UK adults (2020:16,190/2022:19,145) excluding 'don't know' responses (1%/1%) **Question:** AT1d (Rebased). How confident do you feel working with numbers when you need to in everyday life?

As Table 7.1 shows, confidence in working with numbers in everyday life is closely correlated with confidence in managing money.

For instance, 58% of people who gave themselves a high score on confidence in working with numbers also gave themselves a similarly high score on confidence in managing money, with very few (9%) giving themselves low scores.

The opposite is also true: 63% of those who gave themselves low scores on confidence in working with numbers gave themselves low scores on confidence in managing money too, with just 10% giving high scores for it.

Table 7.1: Confidence in managing money, by confidence in working with numbers in everyday life (2022)

	Confidence in managing money		
	Low	Moderate	High
Low confidence in working with numbers	63%	27%	10%
Moderate confidence in working with numbers	25%	55%	19%
High confidence in working with numbers	9%	34%	58%
All UK adults	24%	39%	37%

Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (1%) **Question:** AT1a (Rebased). How confident do you feel managing your money?

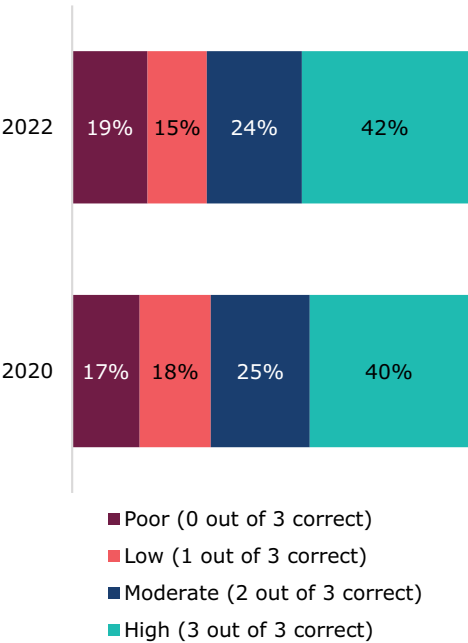
Adults who had low confidence in working with numbers were less likely to engage with financial services and products. For example, just over half (56%) always or usually shopped around for insurance products, and just three in ten (31%) always or usually shopped around for other financial products like current accounts, savings accounts and ISAs. By comparison, 73% and 51%, respectively, of adults who were highly confident in working with numbers always or usually shopped around for these products.

Understanding financial concepts and overconfidence

We also explored how adults' self-rated confidence in working with numbers relates to their financial numeracy, as assessed by three multiple choice questions on basic financial concepts designed by the charity National Numeracy. The questions are about interest, cumulative interest, and inflation.

Figure 7.5 shows that, in May 2022, 42% of adults answered all three correctly, 24% answered two correctly, 15% answered only one correctly, and 19% did not answer any correctly. Figure 7.5 also shows that these results have not changed since 2020.

Figure 7.5: Numeracy involving financial concepts (2020/2022)



Numeracy questions:

NUM1. Suppose you put £100 into a savings account with a guaranteed interest rate of 2% per year. There are no fees or tax to pay. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? Type in your answer to the nearest pound.

NUM2. And how much would be in the account at the end of five years (remembering that there are no fees or tax deductions)?

1. More than £110; 2. Exactly £110; 3. Less than £110; 4. It is impossible to tell from the information given; 5. Don't know

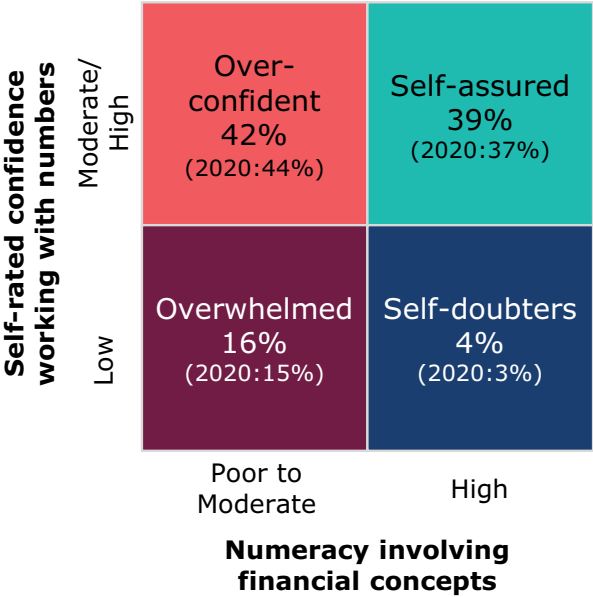
NUM3. If the inflation rate is 5% and the interest rate you get on your savings is 3%, will your savings have more, less or the same amount of buying power in a year's time?

1. More; 2. The same; 3. Less; 4. Don't know

Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) **Question:** Numeracy (Financial summary).

Comparing these results with self-assessed confidence in working with numbers, in Figure 7.6, we can assign people into four segments measuring both their degree of confidence and their degree of measured financial numeracy.

Figure 7.6: Comparison of self-rated confidence in working with numbers to numeracy involving financial concepts (2020/2022)

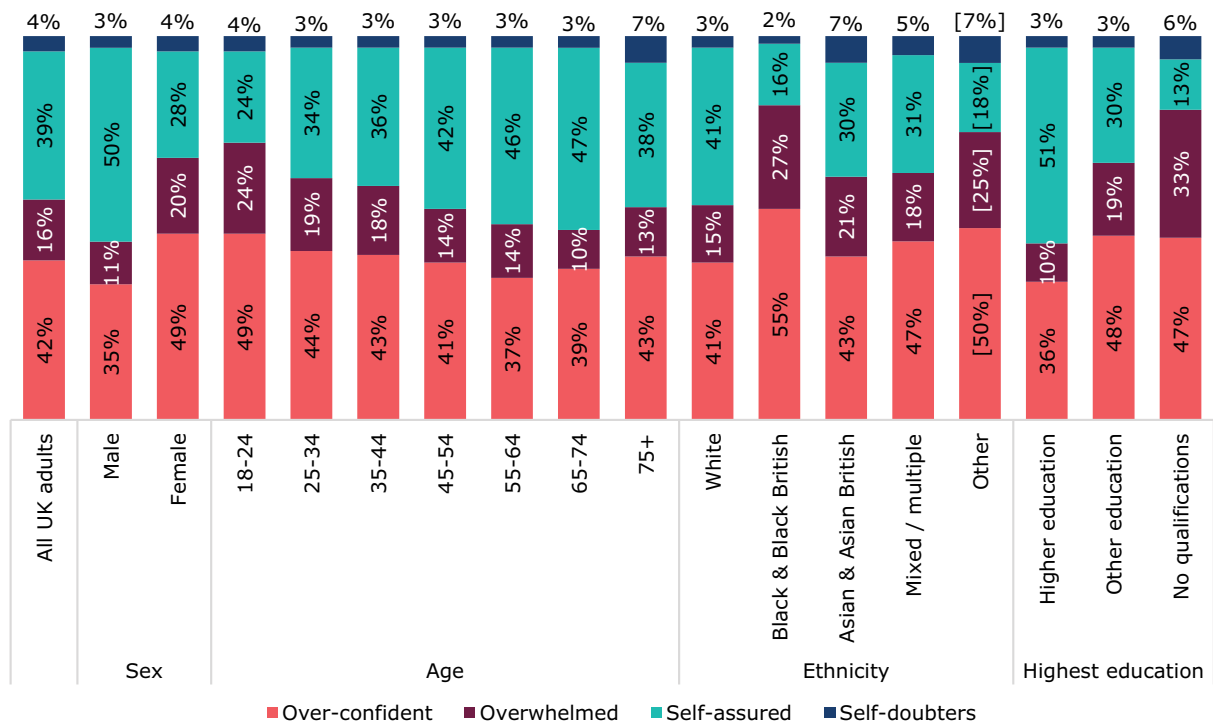


- **Over-confident (22.2m):** rated their confidence in working with numbers as moderate or high, but had poor to moderate financial numeracy
- **Overwhelmed (8.4m):** rated their confidence in working with numbers as low and had poor to moderate financial numeracy
- **Self-assured (20.4m):** rated their confidence in working with numbers as moderate or high and had high levels of financial numeracy
- **Self-doubters (1.9m):** rated their confidence in working with numbers as low, but had high levels of financial numeracy

Source: FLS **Base:** All UK adults (2020:1 6,190/ 2022: 19,145) excluding 'don't know' responses (1%/1%) **Question:** Numeracy – Financial concepts (segmentation).

Figure 7.7 shows the proportion of the adult population falling into the four financial numeracy segments in May 2022, across a variety of different demographics.

Figure 7.7: Comparison of self-rated confidence in working with numbers to numeracy involving financial concept by sex, age, ethnicity, and educational attainment (2022)



Source: FLS **Base:** All UK adults (2022: 19,145) excluding 'don't know' responses (1%) **Question:** Numeracy – Financial concepts (segmentation).

Women were substantially more likely to be over-confident in their financial numeracy than men (49% vs. 35%, respectively), and were more likely to be overwhelmed (20% vs. 11%, respectively). This is because women were slightly less confident in their ability to work with numbers than men, but they performed quite a lot worse on the financial numeracy test.

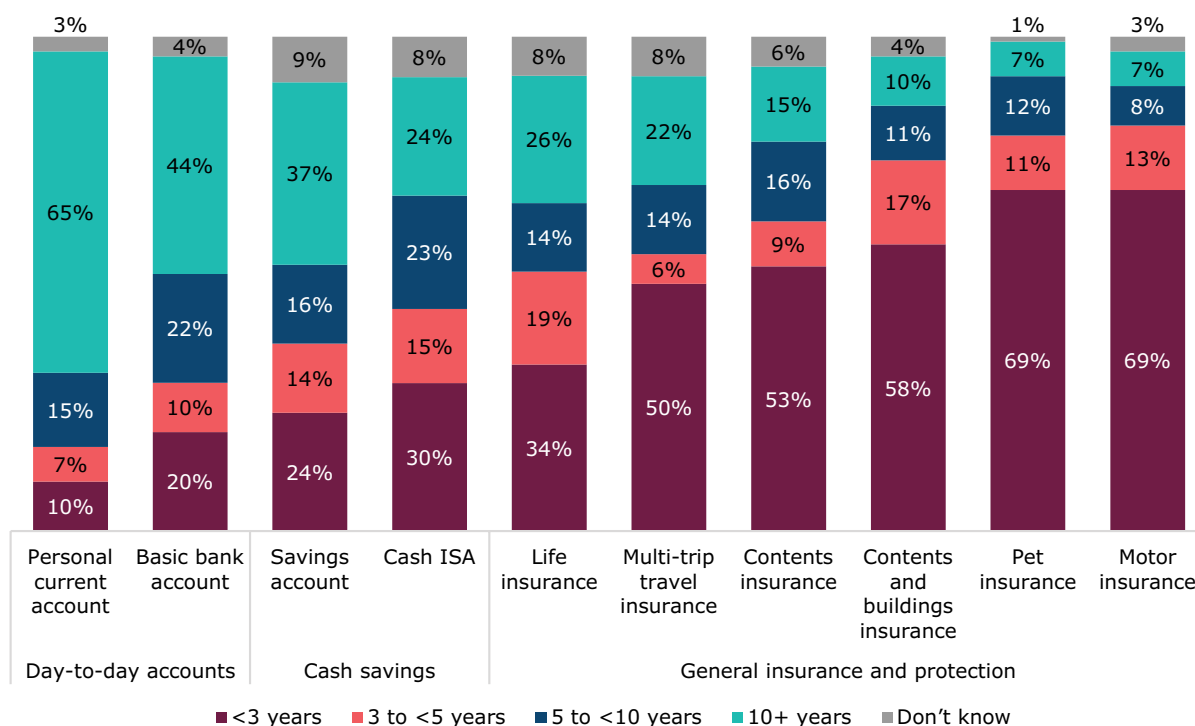
Other groups more likely to be over-confident or overwhelmed were younger adults aged 18-24 (49% and 24%, respectively), Black adults (55% and 27%), and adults with no formal qualifications (47% and 33%).

Switching

Longstanding customers

Inertia was common across many users of financial services products, especially in banking. This is highlighted in Figure 7.8, which compares the length of time adults had held their product with the same provider in May 2022, across 10 commonly held retail financial services products.

Figure 7.8: Length of time products have been held with the same provider (2022)



Source: FLS **Base:** All adults who hold the following products (2022): personal current account (6,056), basic bank account (612), savings account (2,469), cash ISA (2,110), life insurance (565), multi-trip travel insurance (480), contents insurance (459), contents and buildings insurance (1,433), pet insurance (327), motor insurance (2,110) **Question:** Length of time: How long have you held your ...?

Looking first at day-to-day accounts: in May 2022, two-thirds (65%) of adults using a personal current account as their main day-to-day account had had their account with the same provider for 10 years or more, and one in six (15%) had done so for between five and 10 years. Relatively few (10%) had held their account for less than three years. The story is similar for adults who had a basic bank account: over two-fifths (44%) had held their account for 10 years or more, and a further one-fifth (22%) had done so for between five and 10 years. For those adults who had held their day-to-day account for three years or more, we asked whether they had ever switched provider. Two-thirds (66%) of personal current account holders and four-fifths (79%) of basic bank account holders had not.

There was also a lot of inertia in the cash savings market. For example, in May 2022, almost two-fifths (37%) of savings account holders had held their account for more than 10 years, as had one-quarter (24%) of cash ISA holders.

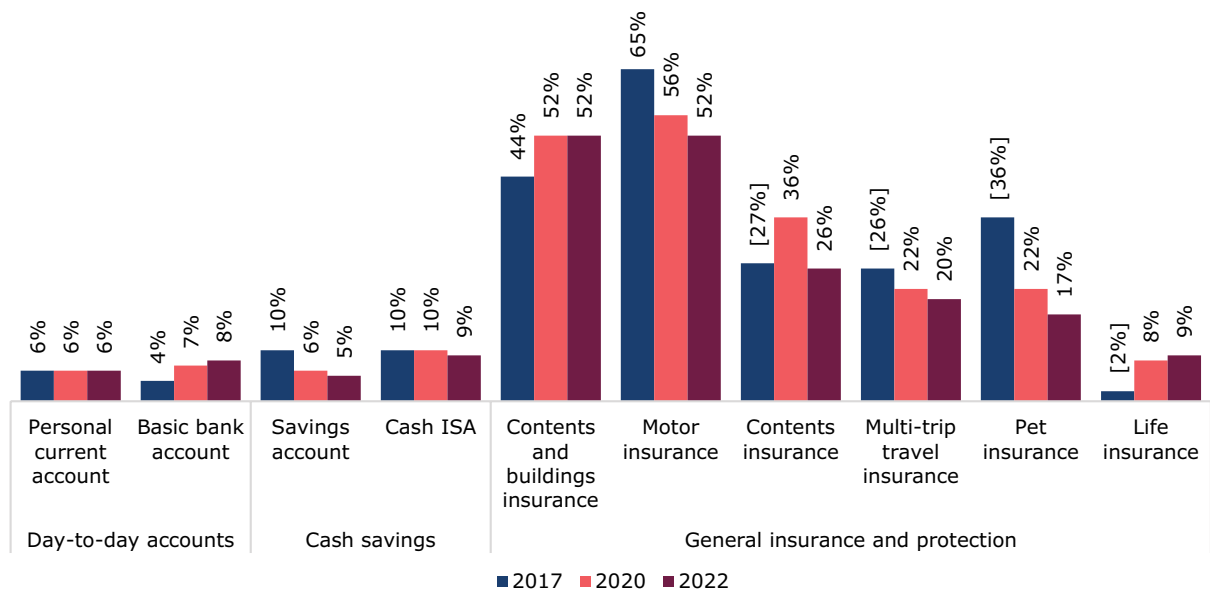
In contrast, most general insurance policyholders (ranging from 50% for annual multi-trip travel insurance to 69% for pet insurance and motor insurance) had held their policy with the same provider for less than three years. Relatively few had held their policy with the same provider for 10 years or more.

Switching rates

Figure 7.9 shows the proportion of account holders who, in May 2022, had switched provider in the previous three years – again, across the same 10 commonly held products.

When comparing switching rates by product, it is important to recognise that the context in which customers might switch products differs. For example, some products are renewed each year, such as motor insurance, where there is an annual prompt to consider switching in the form of a renewal letter. For other products like current accounts, there is no such prompt.

Figure 7.9: Account holders who have switched provider in the last three years, by product (2017/2020/2022)



Source: FLS **Base:** All adults who hold the following products (2017/2020/2022): personal current account (2,014/3,604/6,056), basic bank account (283/316/612), savings account (1,726/1,901/2,469), cash ISA (902/815/1,083), contents and buildings insurance (237/746/1,433), motor insurance (370/1,141/2,110), contents insurance (97/294/459), multi-trip travel insurance (88/428/480), pet insurance (51/157/327), life insurance (75/368/565). Results exclude 'don't know' responses. **Question:** Switching – summary (Rebased).

In line with our findings on the length of time products had been held with the same provider, switching rates were lowest for day-to-day accounts, cash savings products and life insurance, while contents and buildings insurance, and motor insurance, had the highest levels of switching (each 52% in the three years to May 2022).

Switching rates have changed little over time, but there was a notable decline in switching rates among motor insurance policyholders between 2017 and 2022 (from 67% in 2017 to 52% in 2022).

There are many reasons for inertia. It may be that consumers are satisfied with their provider or that they do not think that the benefits from switching are worth the effort. Alternatively, the process of switching may be lengthy and/or difficult, or consumers may find it difficult to compare products to assess if there are better alternatives. This latter reason could be impacted by financial capability.

Interestingly, if we compare switching rates for consumers with low financial capability with those for consumers who do not have low financial capability, there was no notable difference for day-to-day accounts (each 5%), cash ISAs (8% vs. 9%), or life insurance ([9%] vs. 8%). There was, however, a small difference for savings accounts (1% vs. 5%), and a notable difference for some general insurance products (for example, just 32% of home contents and buildings insurance policyholders with low financial capability switched provider in the three years to May 2022, compared with 51% of those who did not have low financial capability).

Reasons given for not switching

We asked consumers who had not switched provider, why they had not done so. The main reasons given are shown in Table 7.2.

Table 7.2: Top three reasons given for not switching provider, by product (2022)

Product		Reason given
Day-to-day accounts	Personal current account	• I am happy with my existing account provider: 60% • I have never considered switching: 23% • It's too much hassle: 23%
	Basic bank account	• I am happy with my existing account provider: 43% • It's too much hassle: 30% • I have never considered switching: 24%
Cash savings	Savings account	• I am happy with my existing account provider: 38% • There's no real difference between providers, so it's not worthwhile: 21% • It's too much hassle: 17%
	Cash ISA	• I am happy with my existing account provider: 29% • It's too much hassle: 19% • My balances are not high enough to gain enough from switching: 18%

Table 7.2: Top three reasons given for not switching provider, by product (2022) (continued)

Product		Reason given
General insurance and protection	Motor insurance	• I am happy with my existing account provider: 64% • There's no real difference between providers, so it's not worthwhile: 21% • I get a discount with current provider, eg no claims bonuses, holding multiple products: 20%
	Home contents and buildings insurance	• I am happy with my existing account provider: 62% • There's no real difference between providers, so it's not worthwhile: 17% • It's too much hassle: 12%
	Home contents insurance	• I am happy with my existing account provider: 61% • It's too much hassle: 28% • There's no real difference between providers, so it's not worthwhile: 16%
	Multi-trip travel insurance	• I am happy with my existing account provider: 66% • There's no real difference between providers, so it's not worthwhile: 28% • It's too much hassle: 17%
	Pet insurance	• I am happy with my existing account provider: [34%] • There's no real difference between providers, so it's not worthwhile: [30%] • It's too much hassle: 18%
	Life insurance	• I am happy with my existing account provider: [35%] • It's too much hassle: [28%] • It is too difficult to compare providers: [17%]

Source: FLS **Base:** All UK adults who use a personal current account (2022: 3,504) or a basic bank account (2022: 366) as their main day-to-day account and have held it for 3 years or more and have never switched provider/All UK adults who have had a savings account (2022: 1,676) or cash ISA (2022: 720) for 3 years or more with the same provider/All UK adults who have held the following policies with the same provider for more than a year and say that they have considered switching (2022): motor insurance (1,111), home contents and buildings insurance (830), home contents insurance (155), multi-trip travel insurance (106), pet insurance (98), life insurance (71) **Question:** RB53b. Why have you never switched provider for your account? **CAVEAT** /RB124a. Are there any particular reasons why you have not switched provider for your product in the last 3 years?/GI41b. Why did you decide not to switch provider for your [selected insurance product] on this occasion?

Many day-to-day account holders who had never switched provider said they were happy with their existing provider (60%). Others had either never contemplated switching (23%) or perceived it as too much of a hassle (23%). These attitudes persist despite the experiences of those who had switched providers recently, who typically found the process easy (see Figure 7.10) and encountered few complications (see Figure 7.11).

Among savings account and cash ISA holders who had held their account with the same provider for three years or more, some were put off switching because they did not think there is any difference between providers (21% for savings account holders and 18% for cash ISA holders), that their balances are not high enough to gain enough from switching (15% and 18%, respectively), or that they would struggle to find a better interest rate (11% and 15%, respectively). It is important to bear in mind that, as of May 2022 when these results were collected, the Bank of England Base Rate was only 1%, and had remained below this level for the previous decade. So, there may have been less incentive for consumers to switch. Switching rates may increase over time, as interest rates rise and consumers seek more favourable offers.

For general insurance policyholders, the main reason given for not switching was that they are happy with their existing provider, mentioned by around two-thirds of policyholders. A minority (around one-fifth) felt that there is no real difference between providers, so switching is not worthwhile. For motor insurance, two-fifths (20%) said they had not switched to protect a discount they get with their current provider, such as a no claims bonus.

Ease of switching day-to-day account providers

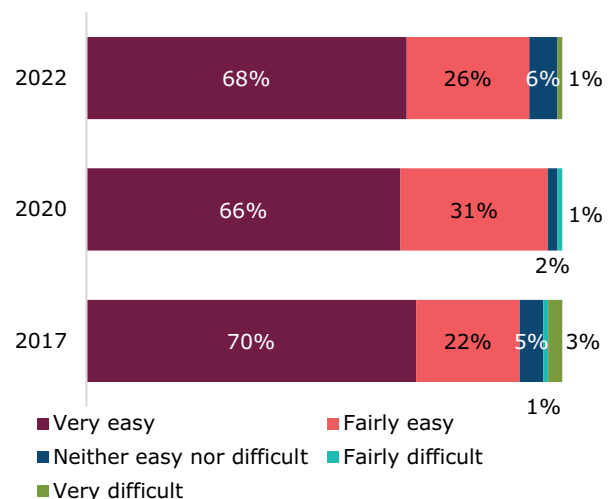
We explored the experiences of adults who had switched their day-to-day account in the previous three years. Figure 7.10 shows how easy or difficult switchers found the process.

The vast majority of switchers (93%) found the process to be very easy (68%) or fairly easy (26%). Very few reported the process being difficult – just 1% in 2022.

These results have changed little over time.

I was able to switch current accounts with ease. The online process takes less than ten minutes and the whole process was finalised without further input in less than a week. All transfers between financial firms/services should be forced to have an equivalent process where possible.
(Male, 25-34)

Figure 7.10: Ease of switching day-to-day accounts (2017/2020/2022)



Source: FLS **Base:** All UK adults who have a day-to-day account except Post Office card account and account held for less than 3 years, and switched provider (2017: 139/ 2020: 246/ 2022: 321) excluding 'don't know' responses (-/1%/2%) **Question:** RB56 (Rebased). How easy or difficult was it to switch the provider for your account?

That said, as Figure 7.11 details, a small minority (13% or 0.4m) experienced a problem when switching day-to-day account providers (this includes some among those who said the process was fairly or very easy). The most common problems experienced were related to Direct Debits not being transferred correctly and to the switch taking longer than expected (reported by 5% and 4% of switchers, respectively).

A very small minority reported other more serious problems, such as going overdrawn because the switch was not handled properly (1%), facing fees or charges because the switch was not handled properly (1%), or their overdraft not being set up correctly on their new account (1%).

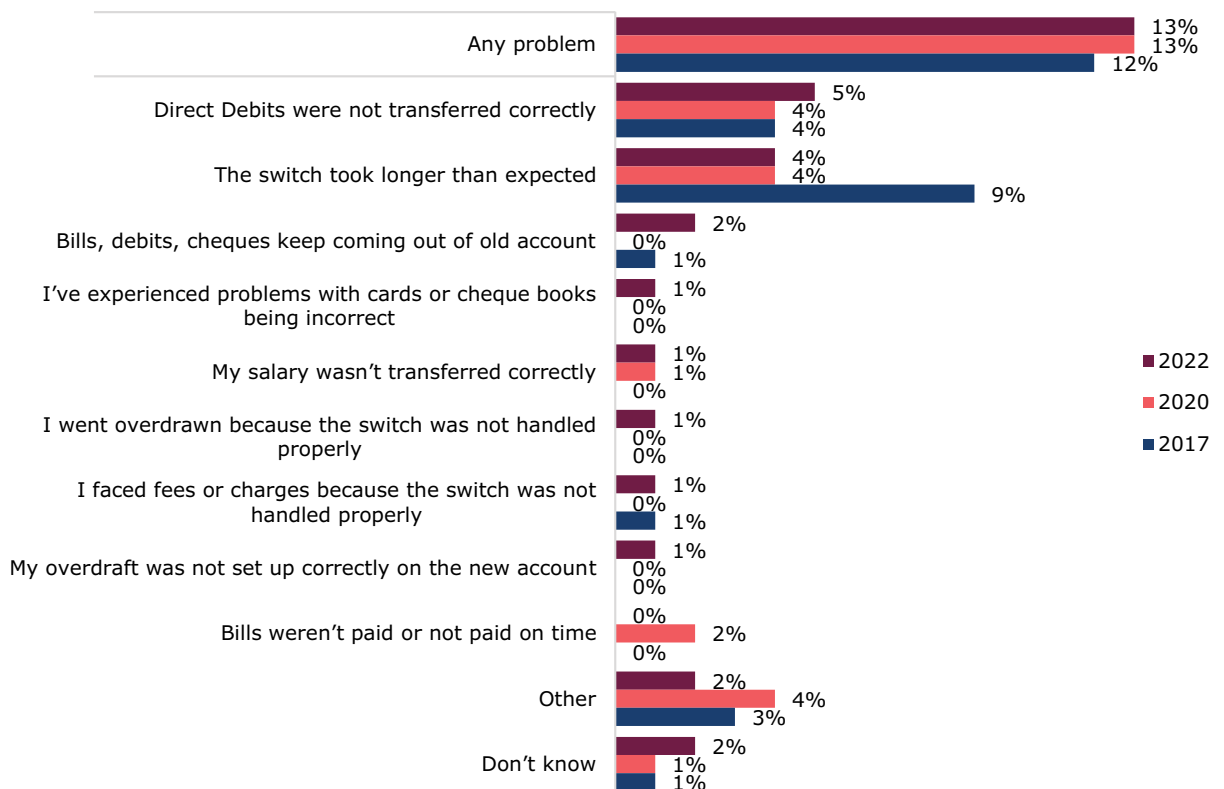


I switched an account with an active overdraft, as I wasn't aware the overdraft would not switch to my new account. This left me with a large amount of debt that had to be paid off via a debt management plan.

(Female, 25-34)



Figure 7.11: Problems experienced when switching day-to-day account provider (2017/2020/2022)

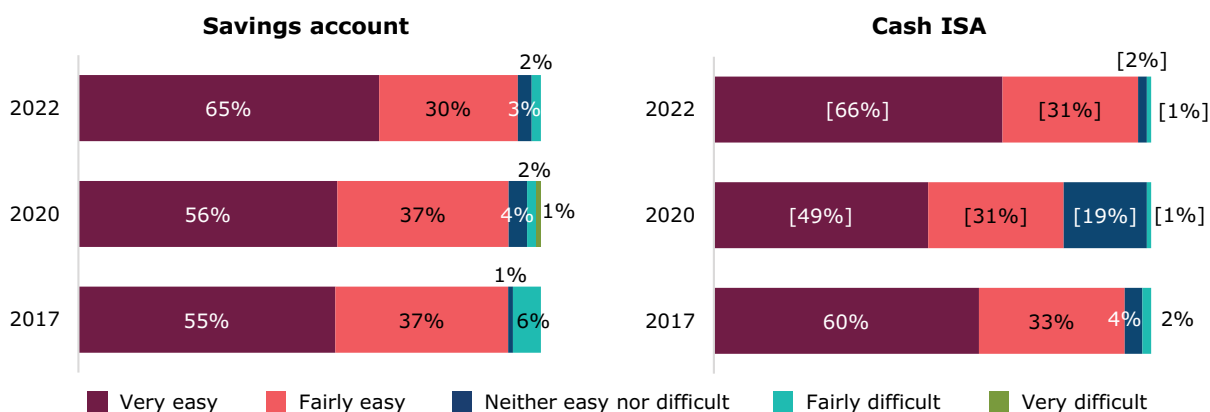


Source: FLS **Base:** All UK adults who have a day-to-day account except Post Office card account and have switched in the last 3 years (2017: 139/ 2020: 246/ 2022: 321) **Question:** RB62. Did you experience the following when switching provider for your day-to-day current account?

Ease of switching cash savings product providers

Figure 7.12 shows how easy or difficult switchers had found the process of switching provider for their savings account or their cash ISA in the previous three years. In 2022, the vast majority found it easy to switch to a new savings account (95%) or to a new cash ISA ([98%]). These results are largely unchanged since 2017.

Figure 7.12: Ease of switching savings account and cash ISAs (2017/2020/2022)

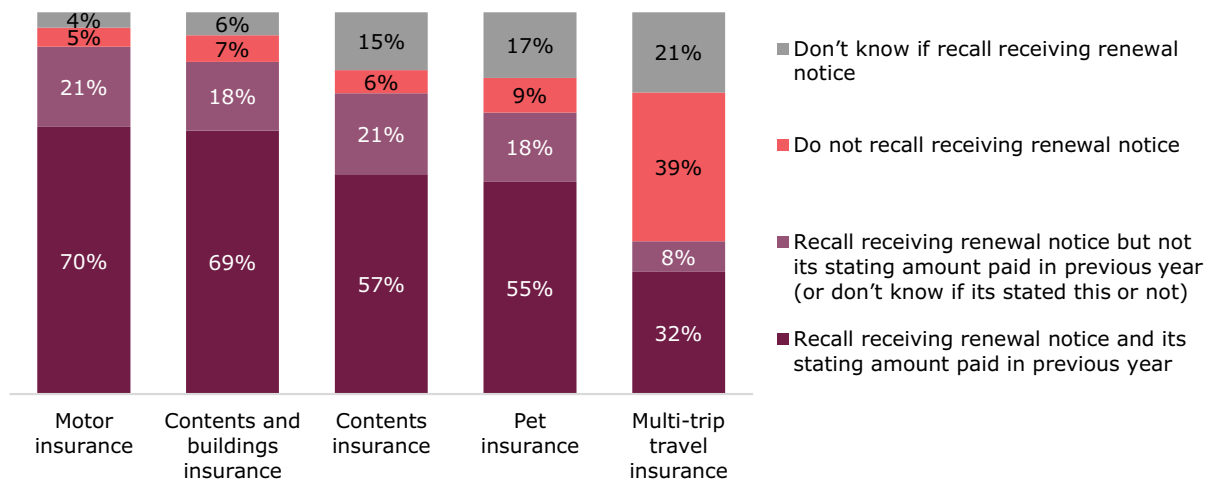


Source: FLS **Base:** All UK adults who have had a savings account for less than 3 years, and on opening it switched from an alternative provider (2017: 138/ 2020: 123/ 2022: 137) excluding 'don't know' responses (1%/0%/0%)/All UK adults who have had a cash ISA for less than 3 years, and on opening it switched from an alternative provider (2017: 103/ 2020: 73/ 2022: 96) excluding 'don't know' responses (0%/0%/0%) **Question:** RB561. How easy or difficult was it to switch the provider for your savings account with a bank, building society or NS&I/cash ISA?

Renewing and switching general insurance and protection product providers

When an insurance policy comes up for renewal, insurance firms are required to notify the customer in advance of this with a renewal letter. As shown in Figure 7.13, with the exception of multi-trip travel insurance policyholders, the vast majority of policyholders in 2022 recalled receiving a renewal notice and that it stated how much they paid in the previous year.

Figure 7.13: General insurance policyholders who recall receiving a renewal notice, and whether that notice included a statement of the previous year's payment (2022)

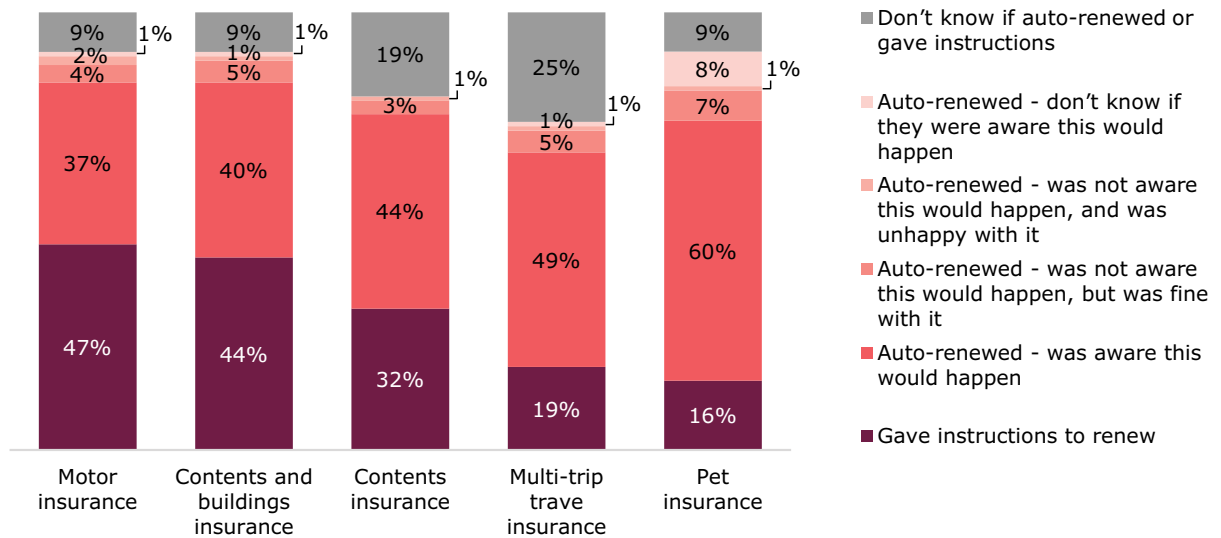


Source: FLS **Base:** All UK adults with the following insurance policies who are switchers or renewers (2022): motor insurance (1,883), home contents and buildings insurance (1,343), home contents insurance (395), multi-trip travel insurance (351), pet insurance (266) **Question:** G120/20asum. Before you (switched to/renewed) this [insurance policy], did you receive a renewal notice?/Did your renewal notice state the amount you paid for your [insurance policy] in the previous year? **Note:** Question not asked to policyholders who took out a new policy in the last 12 months and did not hold that policy previously.

Automatic renewals are common in the insurance market, as shown in Figure 7.14. Of those policyholders who renewed their policy with their existing provider (ie excluding those who chose to switch to a new provider and those who had held their policy for less than 12 months), motor insurance policyholders were the least likely to say their policy auto-renewed (44%) and pet insurance policyholders were the most likely (75%).

In most instances where a policy auto-renewed, policyholders were aware that this would happen. However, there was a lower level of awareness among adults with low financial capability. For instance, only [56%] of motor insurance policyholders with low financial capability who had their policy auto-renewed were aware that this would occur, compared with 89% of those without low financial capability.

Figure 7.14: Policyholders who renewed their policy, who said their policy auto-renewed or that they gave instructions to renew (2022)

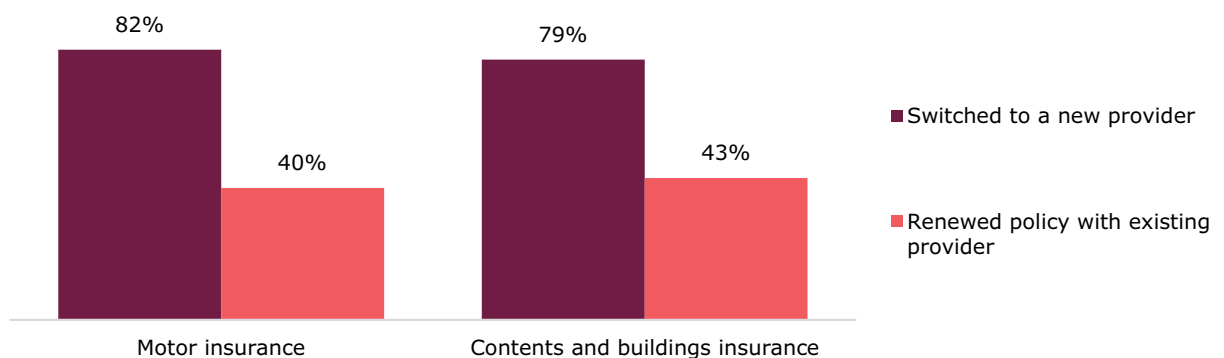


Source: FLS **Base:** All UK adults with the following insurance policies who renewed their policy (2022): motor insurance: (1,493), contents and buildings insurance (1,144), contents insurance (356), multi-trip travel insurance (301), pet insurance (243) **Question:** G18/9sum. Did this policy automatically renew or did you have to give an instruction to renew it?/Were you aware that the policy was going to auto-renew?

Price is often an important factor in whether a policyholder chooses to switch provider or renew with their existing provider.

Figure 7.15 shows the proportion of motor and home buildings and contents insurance policyholders who said that their renewal premium had increased noticeably on the previous year, for those who decided to switch to a new provider and for those who chose to renew with their existing provider.

Figure 7.15: Policyholders who said that the premium they were quoted increased upon renewal, by whether they chose to renew with the same provider or switched to a new provider (2022)



Source: FLS **Base:** All UK adults with the following insurance policies who are switchers or renewers (2022): motor insurance: (1,883), home contents and buildings insurance (1,343) **Question:** G123. When you (switched to/renewed) this [insurance policy], had the premium increased noticeably from the year before? **Note:** Question not asked to policyholders who took out a new policy and did not hold that policy previously

Of those who decided to switch, a significantly higher proportion reported an increase in their renewal premium. Specifically, 82% of motor insurance switchers and 79% of contents and buildings insurance switchers reported that they were quoted a higher renewal premium, whereas only 40% of motor insurance renewers and 43% of contents and buildings insurance renewers reported the same.



My car insurance renewal was due just as I moved into my new flat. I had the quotation through and was happy with the price so phoned to confirm and change my address. I was charged a £20 administration fee to change my address and was then told that the renewal had gone up by over £100, because of the change of address. Because of this, I switched provider.

(Male, 18-24)



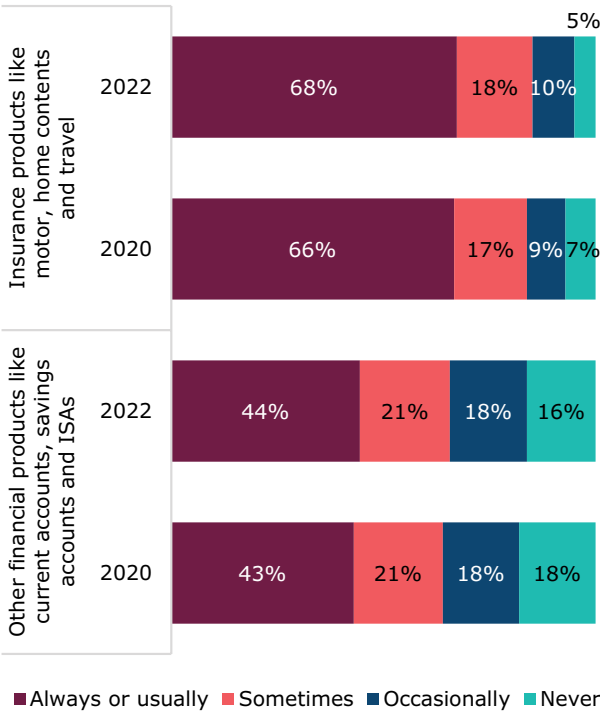
Shopping around

Tendency to shop around

Shopping around for financial services products can help consumers ensure they are getting the best deal or most appropriate product for their circumstances. Consumers that do not shop around are at risk of overpaying.

Figure 7.16 shows the tendency for adults to shop around for insurance products and for other financial products such as current accounts, savings accounts and ISAs.

Figure 7.16: Tendency to shop around (2020/2022)



Source: FLS **Base:** All UK adults (2020: 16,190/ 2022: 19,145) excluding 'don't know' responses (2%/3%/3%/4%) and 'I don't have products like these' responses (7%/7%/7%/7%) **Question:** AT11 (Rebased). When you arrange/take out your [product], do you shop around?

Over two-thirds (68%) of adults said in May 2022 that they always or usually shop around for insurance products. Far fewer (44%) reported doing the same for other financial products. These results are largely unchanged since 2020.

The tendency to shop around for insurance products was most prevalent among 25-44 year olds, with 75% of this age group stating that they always or usually do so. In contrast, those aged 75+ were least likely to shop around, with just 49% saying they always or usually do so.

Several other groups were less inclined to shop around for insurance products, including digitally excluded adults (32% always or usually shop around), those with low financial capability (54%), and those who lack confidence in working with numbers (56%).

When it comes to insurance, I will shop around as many different providers as I can possibly think of. And I always find it's better to phone them so you're speaking to a person and then you can try and maybe get a better deal. When you do it online, they'll give you a fixed price whereas if you phone them up you can say, look, I've got a price of this much, can you beat it?
(Male, 35-44)

Figure 7.17 looks at shopping around by product type. To ensure good recollection, only adults who took out their product recently were asked this question. For most products, this is within the last three years.²⁰ Adults were told that, by shopping around, we mean comparing two or more providers by looking at their products, prices, or terms and conditions offered.

20 For some credit products, we ask those who took out their product in the last 12 months, for pension annuity and income drawdown we ask those who took out their product in the last four years. See base notes under the Figure for more information.

Figure 7.17: Account holders who shopped around for their product, by product (2017/2020/2022)

			2020	2017
Cash savings	Any day-to-day account	52%	53%	59%
	Savings account	64%	59%	62%
	Cash ISA	73%	77%	72%
Mortgages	Residential mortgage	71%	70%	77%
	Lifetime mortgage adviser / broker	52%	[66%]	na
	Residential mortgage broker	24%	26%	na
Credit	Personal loan	64%	59%	67%
	Credit card (revolver)	62%	55%	68%
	Motor finance	34%	37%	44%
	Payday/ ST instalment loan	32%	31%	na
	Home-collected loan	[27%]	12%	na
	Catalogue credit (revolver)	26%	21%	na
	Pawnbroking	[14%]	[4%]	na
General insurance and protection	Motor insurance	85%	85%	91%
	Contents and building insurance	79%	84%	78%
	Multi-trip travel insurance	75%	68%	*
	Pet insurance	72%	67%	*
	Single-trip travel insurance	68%	75%	65%
	Contents insurance	68%	64%	[69%]
	Life insurance	48%	62%	*
Pensions and investments	Online investment platform	72%	62%	na
	Non-workplace pension	[74%]	[71%]	na
	Annuity	48%	47%	[59%]
	Income drawdown	38%	43%	na
	Financial adviser	36%	40%	32%

Source: FLS **Base:** All UK adults who took out their product in the last three years (2022): day-to-day account (447), savings account (649), cash ISA (320), residential mortgage (1,747), credit card revolver (1,826), catalogue credit revolver (427), motor insurance (1,387), contents and buildings insurance (814), multi-trip travel insurance (262), pet insurance (221), single-trip travel insurance (358), contents insurance (241), life insurance (176), non-workplace pension (73)/All UK adults who took out their product in the last 12 months (2022): motor finance (562), personal loan (835), payday/short-term instalment loan (373), home-collected loan (60), pawnbroking loan(74)/All UK adults who took their product in the last four years (2022): annuity (127), income drawdown (364)/All UK adults who hold investments on an online investment platform which they manage themselves without advice (2,166)/All UK adults who took out their residential mortgage in the last three years and the mortgage was recommended by a broker or they used a broker but didn't take out the recommend product (877)/All UK adults who recalled taking out their lifetime mortgage in the last three years and that the mortgage was recommended by a broke, or that they used a broker but didn't take out the recommend product (159)/All UK adults who have used their financial adviser for around 2-3 years or less (352). Data excludes 'don't know' responses. **Question:** Shopped_sum1 (Rebased). Before you opened your ... did you compare accounts from two or more different providers by looking at products, prices or the terms and conditions offered?

The tendency to shop around varied considerably by financial sector, and by product within each sector. In general, shopping around was most common for general insurance products (such as motor insurance, contents and buildings insurance, and multi-trip travel insurance), for cash savings products (in particular cash ISAs), for some mainstream credit products (notably, personal loans and credit cards), and for residential mortgages. With the exception of residential mortgages, where high shopping around rates may reflect the fact that many consumers use a broker,²¹ these are products that consumers typically find easy to compare (see Figure 7.22), often using a price comparison website (see Figure 7.19).



I do religiously compare the rates every year of all the insurance that we have, the car and the house and contents. And then I don't always go for the cheapest, but I will normally find one cheaper than the previous year. And I have gone back once or twice to the current insurer and said to them, look, I can do better elsewhere. And in one case at least that I can recall, they matched it, so I stuck with them.

(Male, 75+)



Shopping around was much less common for:

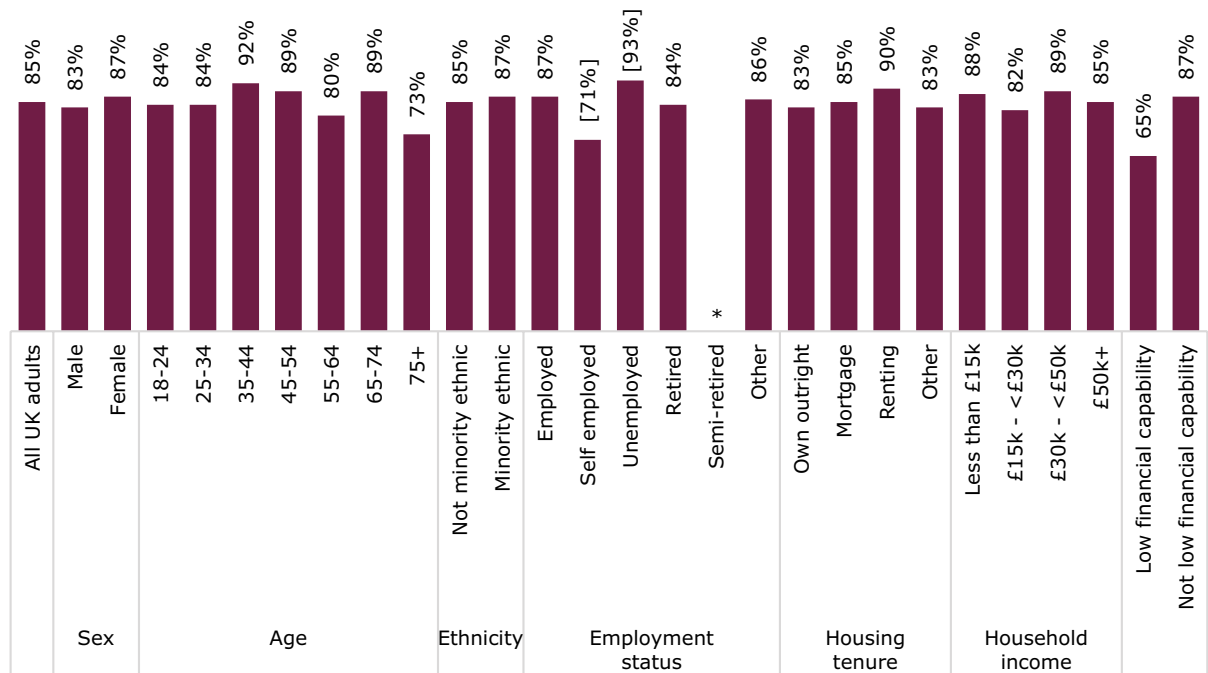
- financial advice, where consumers usually use an adviser they have used before or base their choice on referrals. For example, nine in ten (91%) adults who had received regulated advice in the 12 months to May 2022 said they generally use the same adviser or firm. Of those who started using their adviser in the previous three years and did not shop around, two-fifths (42%) said they did not shop around because the adviser was recommended to them
- mortgage broking, where referrals and existing relationships play an important role. For example, 55% of adults who used a mortgage broker in the three years to May 2022 said their choice of broker was influenced by a recommendation or referral, and 35% said their choice was based on having used the broker before
- income drawdown, where almost two-thirds (62%) chose to use their existing DC pension provider
- life insurance, where policies are often part of an employee benefits package, or recommended by an adviser or broker. For example, in May 2022 16% held a policy as part of an employee benefits package. Of those holding a policy but not as part of an employee benefits package, 23% arranged their policy through a financial adviser and 16% through a broker
- high-cost credit products such as pawnbroking, catalogue credit, and home-collected loans

Figure 7.18 explores how the tendency to shop around varied across different demographics groups. For this analysis, we have selected to look at motor insurance, because it had the highest shopping around rates of the products included in our survey in 2022 (please refer to the accompanying [data tables](#) for data on other products).

21 One in two (50%) residential mortgage holders who took out their mortgage in the last three years used a broker, rising to almost three-quarters (72%) if we exclude those who ported their mortgage (ie moved home and kept the same lender with their current mortgage deal) or changed to a new deal with their existing lender.

The most notable difference is that motor insurance policyholders with low financial capability were much less likely to shop around than those who did not have low financial capability (65% vs. 87%, respectively). This may also explain why adults aged 75+ – the age group most likely to have low financial capability (see Figure 7.1) – were the least likely to shop around. Interesting, women were marginally more likely to shop around for their policy than men (87% vs. 83%, respectively), even though women were more likely than men to have low financial capability.

Figure 7.18: Motor insurance policyholders who shopped around for their policy, across a variety of demographic segments (2022)



Source: FLS **Base:** All UK adults who took out motor insurance in the last three years (2022: 1,387) excluding 'don't know' responses (5%) **Question:** G131 (Rebased). Before you took out your motor insurance policy, did you compare policies from two or more different providers by looking at the policies, prices or the terms and conditions offered?

Reasons given for not shopping around

We asked consumers who took out their policy recently and did not shop around, why they chose not to do so. The main reasons given are shown in Table 7.3.

Table 7.3: Top three reasons given for not shopping around by product (2022)

Product		Reason given
Day-to-day account		- It's not worth it as there's no real difference between providers: 17% - The provider was recommended to me: 16% - I didn't really think about comparing products or providers: 16%
Cash savings	Savings account	- The offer from the provider I chose was just what I wanted: 32% - It's not worth it as there's no real difference between providers: 23% - I have dealt with the provider I chose before: 17%
	Cash ISA	- The offer from the provider I chose was just what I wanted: [27%] - It's not worth it as there's no real difference between providers: [22%] - I have dealt with the provider I chose before: [20%]
Credit	Credit card (revolver)	- I didn't think I would get an account elsewhere: 15% - The offer from the provider I chose was just what I wanted: 13% - I didn't really think about comparing products or providers: 12%
	Motor finance	- The offer from the provider I chose was just what I wanted: 28% - I have dealt with the provider I chose before: 17% - I didn't really think about comparing products or providers: 16%
	Personal loan	- I have dealt with the provider I chose before: 20% - The offer from the provider I chose was just what I wanted: 18% - I didn't think I would get an account elsewhere: 12%
General insurance and protection	Motor insurance	- The offer from the provider I chose was just what I wanted: 32% - I have dealt with the provider I chose before: 24% - I feel loyalty to the provider I chose: 13%
	Home contents and buildings insurance	- The provider I chose had a good choice of products: 26% - The offer from the provider I chose was just what I wanted: 22% - It takes too much time: 22%
	Home contents insurance	- It takes too much time: [29%] - The offer from the provider I chose was just what I wanted: [17%] - The provider was recommended to me: [16%]
	Multi-trip travel insurance	- The offer from the provider I chose was just what I wanted: [25%] - It takes too much time: [17%] - The provider was recommended to me: [12%]
	Pet insurance	- It's not worth it as there's no real difference between providers: [21%] - It takes too much time: [17%] - I didn't really think about comparing products or providers: [15%]
	Life insurance	- The provider was recommended to me: [32%] - It was arranged by my employer: [15%] - It's too difficult to compare: [12%]

Table 7.3: Top three reasons given for not shopping around by product (2022) (continued)

Product		Reason given
Pension decumulation	Annuity	- The offer from the provider I chose was just what I wanted: [39%] - I wouldn't know what to look for: [15%] - I didn't really think about comparing products or providers: [14%]
	Income drawdown	- I have dealt with the provider I chose before: 26% - The offer from the provider I chose was just what I wanted: 24% - The provider I chose had a good choice of products: 22%
Financial advice		- The adviser/firm I chose was recommended to me: 42% - I wouldn't know what to look for: 16% - I didn't really think about comparing advisers/firms: 16%

Source: FLS **Base:** All UK adults who did not shop around before they took out the following products in the last 3 years (in the last 12 months for credit products and in the last four years for pension decumulation) (2022): Day-to-day account (except Post Office card account) (210), Savings account (207), Cash ISA (79), Credit card (revolver) (627), Motor finance (371), Personal loan (275), Motor insurance (179), Home insurance – contents and buildings combined (145), Home insurance – contents only (62), Multi-trip travel insurance (68), Single-trip travel insurance (113), Pet insurance (54), Life insurance (66), Annuity (55), Income drawdown (193), Financial advice (217) **Question:** RB48./RB121./CC20a./GI42./PD47B_1/2./Adv_d7b. Why did you not compare different products/services from different providers?

When looking at the results across products, many consumers were under the impression that it is not worth shopping around because there is no real difference between providers. This belief was particularly prevalent among holders of savings accounts (23% mentioned this as a reason not to shop around), cash ISAs (22%), and day-to-day accounts (17%).

Insurance policyholders, on the other hand, were more likely to cite the length of time required as a barrier to shopping around (for example, 29% of home contents policyholders mentioned this as a reason not to shop around), while motor finance account holders (16%), and those holding day-to-day accounts (16%), annuities (14%), or income drawdown (14%), were more likely to say they simply did not think about shopping around.

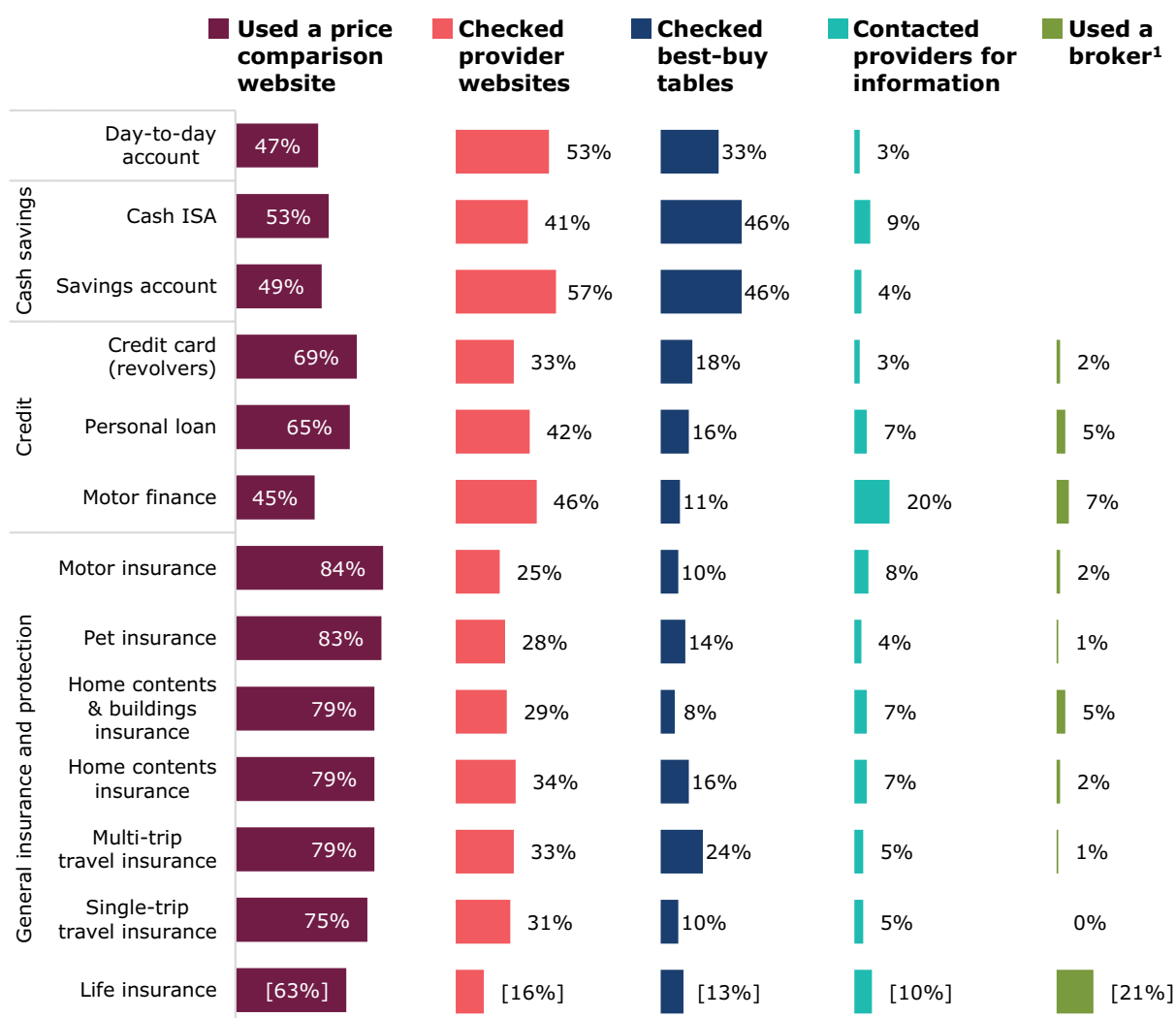
Feeling loyalty to the provider they chose was mentioned by 13% of motor insurance policyholders. It was also mentioned – although not a 'top three' reason for not shopping around – by adults with other products, particularly savings accounts (17%), motor finance (11%), and financial advice (7%).

Previous experience with the provider plays an important role for adults who accessed a DC pension through income drawdown (26%).

How consumers shop around

For certain products, we asked consumers who had shopped around, how they compared products from different providers. As Figure 7.19 shows, price comparison websites were the dominant channel, followed by provider websites and best-buy tables.

Figure 7.19: How those who shopped around compared products (2022)

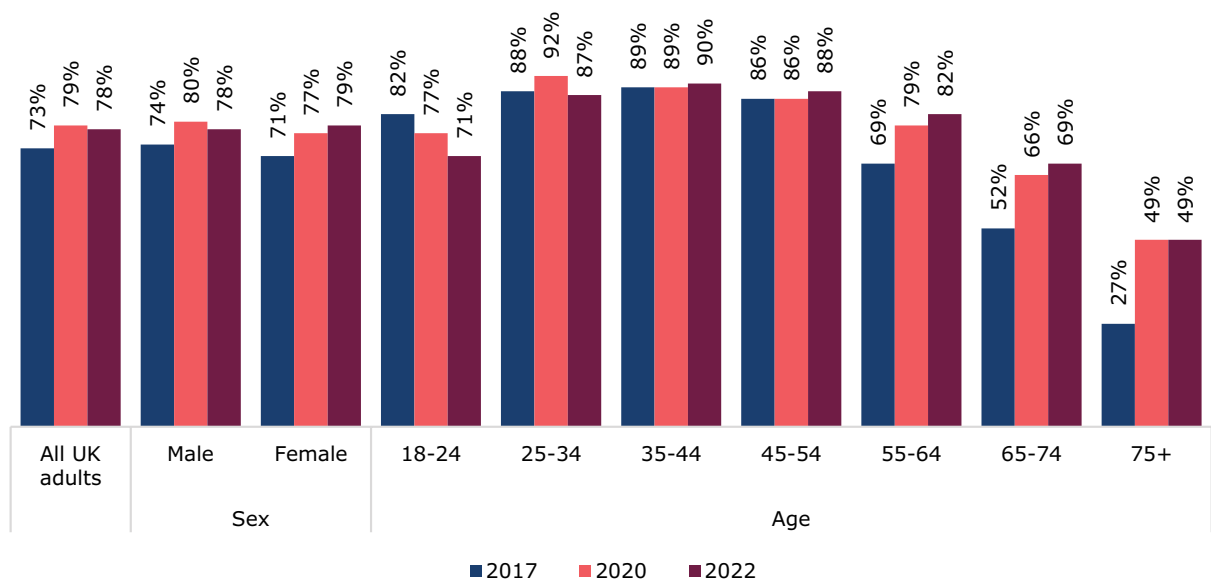


Source: FLS **Base:** All UK adults who shopped around before they took out the following products in the last 3 years (in the last 12 months for credit products) (2022): day-to-day account (except Post Office card account) (221), savings account (403), cash ISA (233), credit card (revolver) (1,066), motor finance (174), personal loan (509), motor insurance (1,127), home insurance – contents and buildings combined (624), home insurance – contents only (162), multi-trip travel insurance (181), single-trip travel insurance (221), pet insurance (150), life insurance (89) **Question:** RB49./RB122./CC19./GI33. How did you compare [products] from different providers? **Notes:** ¹ Response option 'Used a broker' not shown for day-to-day accounts or cash savings products. Graphic does not show 'Other (write in)' or 'Don't know' responses. Also not shown in the Figure is the 5% of day-to-day account holders who shopped around who said they used banks' service quality league tables

Price comparison websites – to compare or buy insurance

We asked adults who held any general insurance or protection policies whether they had ever used a price comparison website (PCW) to compare or buy insurance. As Figure 7.20 shows, in May 2022 78% said that they had done so – unchanged from February 2020.

Figure 7.20: Insurance or protection policyholders who had ever used a price comparison website to buy insurance, by sex and age (2017/2020/2022)



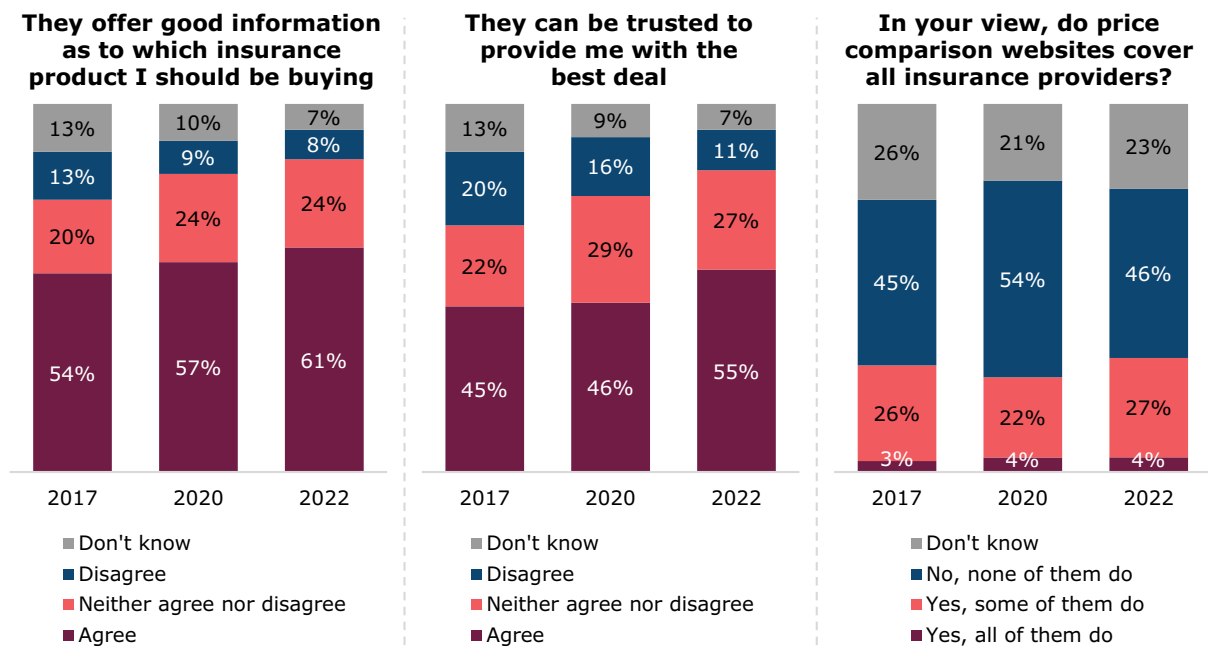
Source: FLS **Base:** All UK adults with a general insurance or protection policy (2017: 1,686/ 2020: 4,930/ 2022: 6,079) excluding 'don't know' responses (7%/10%/11%) **Question:** GI37sum (Rebased). Summary of those who have ever used a price comparison website to compare or buy insurance

Those who were least likely to have ever used a PCW included:

- digitally excluded adults (28% had ever used one)
- adults aged 85+ (35%)
- adults aged 18-21 (59%)
- adults with low financial capability (64%)

We also asked adults who held any general insurance or protection policies about their attitudes to PCWs. As Figure 7.21 shows, two-fifths (61%) believed that PCWs offer good information as to which product they should be buying, and over half (55%) agreed that PCWs can be trusted to provide them with the best deal. Just 4% incorrectly believed that all PCWs cover all insurance providers.

Figure 7.21: Consumer attitudes towards price comparison websites (2017/2020/2022)



Source: FLS **Base:** All UK adults with a general insurance or protection policy (2017: 1,686/ 2020: 4,930/ 2022: 6,079) **Question:** G138_a/b. How much do you agree or disagree with each of the following statements about price comparison websites?/G140. In your view, do price comparison websites cover all insurance providers?

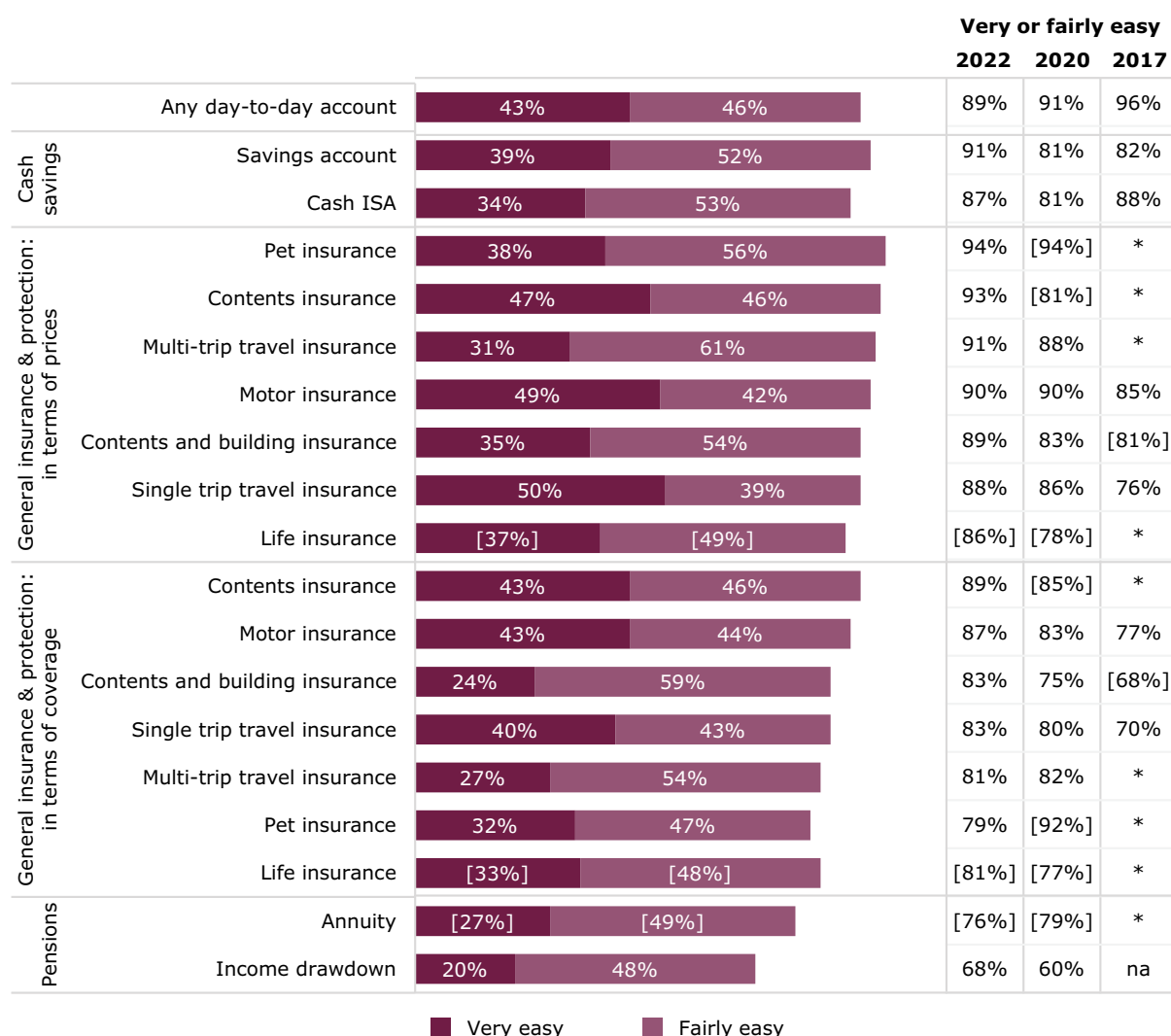
Ease of shopping around

We asked consumers who took out their product recently and shopped around, how easy or difficult it was to compare products from different providers. Figure 7.22 shows the proportion who felt shopping around was very easy or fairly easy in May 2022. Comparative results are shown for 2020 and 2017.

Most found the process straightforward, although this was less true of income drawdown account holders, where just 20% found shopping around very easy and 48% fairly easy.

We asked insurance policyholder to provide feedback on two separate aspects of the process: the ease of comparing prices and the ease of comparing coverage. In general, most found it easier to compare prices rather than policy coverage.

Figure 7.22: Those who found it easy to shop around, by product (2017/2020/2022)



Source: FLS **Base:** All UK adults who shopped around before they took out the following products in the last 3 (last 4 years for annuities and income drawdown) (2022): Day-to-day account (except Post Office card account) (221), Savings account (403), Cash ISA (233), Motor insurance (1,127), Home insurance – contents and buildings combined (624), Home insurance – contents only (162), Multi-trip travel insurance (181), Single-trip travel insurance (221), Pet insurance (150), Life insurance (89), Annuity (65), Income drawdown (137) **Question:** RB50. How easy or difficult was it to compare accounts from different providers?/RB123. How easy or difficult was it to compare [savings accounts/cash ISAs] from different providers?/GI35_a. How easy or difficult was it to compare different [insurance product] prices?/GI35_b. How easy or difficult was it to compare what you are covered for by different [insurance product] policies?/PD47a_1/2. How easy or difficult was it to compare the options different providers offered? **Note:** Not asked of income drawdown account holders in 2017.

Problems and issues experienced

In this section we explore the problems consumers have in dealing with their financial services providers. We start by providing a summary of the proportion and number of product holders who have experienced a problem with their product or provider in the last 12 months. We provide results by types of problem experienced and by financial services sector.

As many of these problems relate to customer services, IT system failures and service disruptions, and fees and charges, we go on to explore each of these three areas in more detail.

Summary of problems experienced in the last 12 months

Table 7.4 shows the proportion and number of product holders, by financial services sector, who reported having had a problem with their product or provider in the 12 months to May 2022.

It also shows the top three types of problem experienced, and – for those who experienced a problem – the reported impacts of these problems. Comparative results are shown in brackets for the proportion and number of product holders who experienced a problem in the 12 months to February 2020 and in the 12 months to April 2017.

Table 7.4: Summary of problems and their impact in rank order of the number of consumers affected, by product area (2022)

	Number of product holders who experienced a problem in the last 12 months by sector		Top 3 problems experienced by product holders in 2022	Top 3 impacts for those who experienced a problem in 2022
	%	Millions		
Day-to-day accounts	14% (2020: 17%) (2017:18%)	7.0m (2020: 8.5m) (2017:8.9m)	IT system failure/service disruption (6%) Poor customer service (3%) Unexpected changes to terms and conditions (1%)	I suffered stress (19%) Spent significant time resolving the problem (14%) I had problems paying bills (10%)
Consumer credit regulated agreements	16% (2020:18%) (2017:na)	6.4m (2020: 7.3m) (2017:na)	Poor customer service (6%) IT system failure/service disruption (4%) Fees and costs not reasonable (3%)	I suffered stress (27%) Spent significant time resolving the problem (17%) Had problems meeting other essential expenses (13%)
General insurance and protection	12% (2020: 11%) (2017:16%)	5.5m (2020: 5.3m) (2017:6.7m)	Poor customer service (4%) Policy costing more than expected (3%) Fees and costs not reasonable (2%)	Spent significant time resolving the problem (25%) I suffered stress (23%) I was not covered when I thought I was (10%)
Retail investments	22% (2020:22%) (2017:15%)	4.4m (2020: 3.6m) (2017:2.1m)	Investments didn't perform as well as I was led to believe (6%) Poor customer service (4%) Fees and costs not reasonable (4%)	Lost money (28%) I suffered stress (18%) Spent significant time resolving the problem (14%)
Cash savings	10% (2020:10%) (2017:12%)	3.2m (2020: 3.9m) (2017:4.2m)	Poor customer service (3%) IT system failure/service disruption (3%) Unexpected change to interest rate (2%)	I suffered stress (15%) Spent significant time resolving the problem (12%) I had to borrow money (5%)
DC pension in accumulation	8% (2020:8%) (2017:10%)	1.7m (2020: 1.7m) (2017:1.8m)	Poor customer service (2%) Unsuitable channel to contact provider (1%) Complex product information (1%)	I suffered stress (20%) Spent significant time resolving the problem (13%) Lost money (12%)
Residential mortgage	9% (2020:9%) (2017:11%)	1.3m (2020: 1.3m) (2017:1.9m)	Poor customer service (2%) Delays when arranging my mortgage (2%) Not eligible for the mortgage I wanted (2%)	I suffered stress (30%) Spent significant time resolving the problem (15%) I had problems paying bills (9%)
Accessed a DC pension (in last 4 years)	14% (2020:12%) (2017:14%)	0.2m (2020: 0.2m) (2017:0.2m)	Poor customer service (4%) Pension investments didn't perform as I was led to believe (3%) Delays when arranging pension (2%)	Spent significant time resolving the problem ([23%]) I suffered stress ([22%]) Lost money ([18%])

Source: FLS **Base:** All UK adults with a relevant product (base varies by sector) (2022: 585-7,928) **Question:** Problems and complaints: summary of problems and complaints./Impact of problems and complaints.

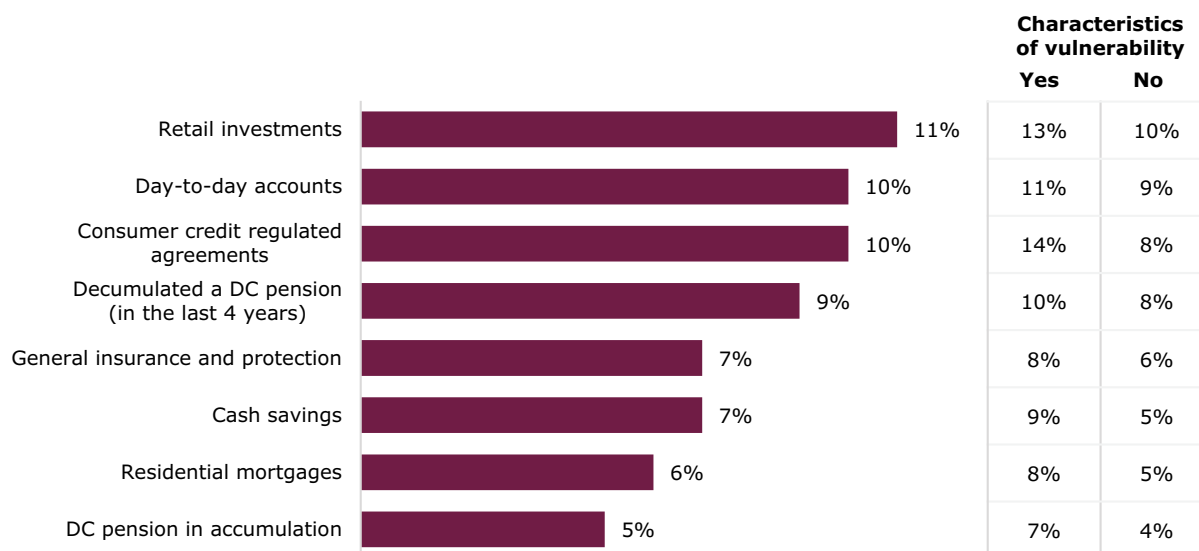
In the 12 months to May 2022, retail investment product holders were the most likely to report experiencing problems (22%), while DC pension holders and residential mortgage holders were the least likely to report issues (8% and 9%, respectively). Day-to-day accounts and consumer credit products had the highest number of adults experiencing problems (7.0m and 6.4m, respectively), as these are more commonly held than investments.

These results are similar to those from 2020, with the exception of a small decline in the proportion of consumers reporting problems with consumer credit products (from 18% in 2020 to 16% in 2022), and day-to-day accounts (from 17% in 2020 to 14% in 2022).

Problems about customer services

Many of the problems experienced by consumers relate to customer services, such as poor customer service, IT system failures or service disruption, sales pressure, provider errors or providers not following instructions, delays when making changes to an account or when arranging an account, or having unsuitable channels to contact the provider. Figure 7.23 shows the total proportion of product holders who experienced one or more problems related to customer services in the 12 months to May 2022 and compares this by product area.

Figure 7.23: Experience of problems related to customer services in last 12 months, by product area (2022)



Source: FLS **Base:** All UK adults with a relevant product (base varies by sector) (2022: 585-7,928) **Question:** Problems and complaints: summary of problems and complaints. Customer Service NET – Metric CNF4-M02 – Proportion of consumers (with product(s) in that sector), including those in vulnerable circumstances, who have had a problem with a product in the last 12 months and the problem relates to: sales pressure (for consumer credit: pressure to take on additional credit), poor customer service, IT system failure/service disruption, provider errors/not following instructions, delays when making changes to an account, delays when arranging an account, and/or unsuitable channel (phone, online, face to face) to contact the provider

Again, retail investment product holders were the most likely to report problems about customer service (11%), followed by day-to-day account (10%) and consumer credit (10%) product holders. Consumers with characteristics of vulnerability were more likely than those with no characteristics to report experiencing problems with customer services, across every product area.

“

I've been a customer for over 23 years. In the last year the service has completely deteriorated, and customer service is non-existent. I had to resort to Twitter to finally receive a response.

(Female, 65-74)

”

“

Frustration and distress caused by poor service online and by phone, when setting up a Power of Attorney for an elderly relative. Interacting on the phone was difficult due to my relative's poor hearing. The operator kept asking questions my relative was unable to answer and would not make any allowances for me to assist or by asking alternative questions. Eventually, we managed to make an appointment in branch. They did, however, reply quickly to my complaint and offered my relative compensation.

(Female, 35-44)

”

IT system failure and service disruption

The increasing use of digital financial services means that IT failures and service disruption are likely to affect more consumers.

In our 2022 survey, we asked adults, regardless of what financial products they hold, whether they had experienced any such failures or disruptions in the 12 months to May 2022 with any of their financial products. As Figure 7.24 shows, 24% of adults (12.7m) said that they had. Of these, most said that they were not affected or only mildly affected, but 3% of adults (1.7m) said they were severely affected on at least one occasion.

“

When [high-street bank] systems went down, I couldn't pay with a card or take out cash – and we have no branch for 20 miles.

(Male, 45-54)

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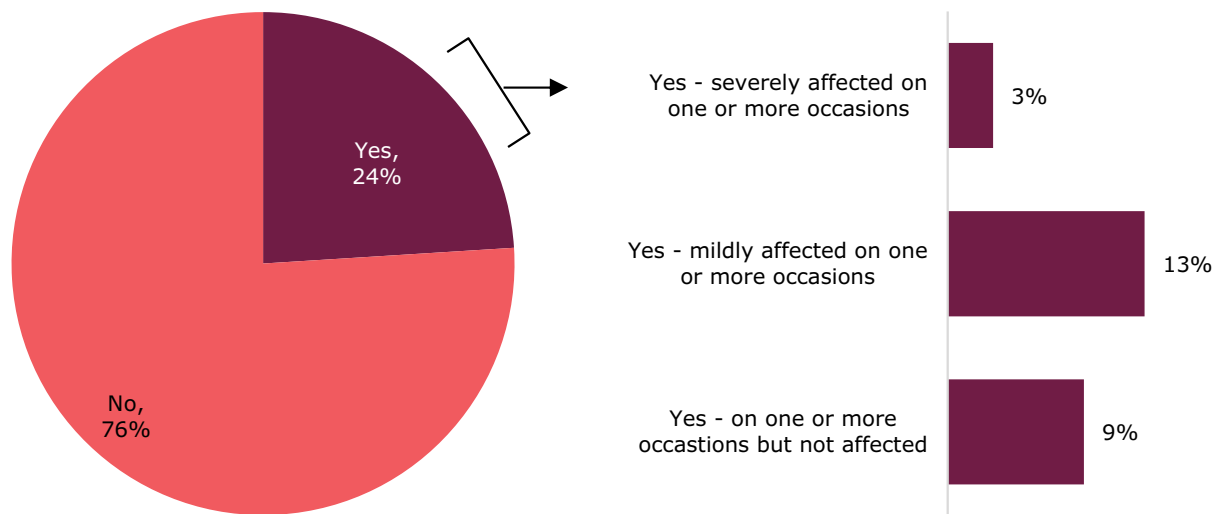
“

My personal current account online banking system failed when I was trying to make an international payment. I was promised a call to sort it out, but nothing heard. The payment was delayed a few days, and further penalties were incurred abroad because of delay. The bank denied responsibility.

(Male, 65-74)

”

Figure 7.24: Experience of IT failures or service disruptions related to financial products in the last 12 months (2022)



Source: FLS **Base:** All UK adults (2022: 4,128) excluding 'don't know' responses (7%) **Question:** IT1 (Rebased). Thinking about all the financial products you hold, in the last 12 months have you experienced any IT failures or service disruptions?

Unreasonable fees and charges

In the 2022 survey, we added a new option for product holders to tell us whether they had experienced a problem about fees and costs that they felt were not reasonable. Retail investment product holders were the most likely to report fees and costs they felt were unreasonable (4%), followed by those with consumer credit regulated agreements (3%), and those with general insurance or protection policies (2%).



My vehicle breakdown cover automatically renewed last September at which time I was provided with the same terms and conditions as I had the previous year. The broker decided to enact a 'cost of living' charge on my premium six months after it had already been paid in full, despite this not being in the terms and conditions provided. The new clause is in their new terms and conditions, but they were not provided to me, and the broker has decided not to respond to my email informing them of this fact. There is no explanation given as to what additional costs this charge is supposed to be covering and appears to be a simple cash grab.

(Male, 25-34)



I have insured our house for building and contents with [high-street bank] who always put the premium up by an unreasonable amount until I ring them up and challenge them. It then reverts to a reasonable amount. But this year, having got the initial quote, I just changed company.

(Male, 65-74)



Provider communication and customer service

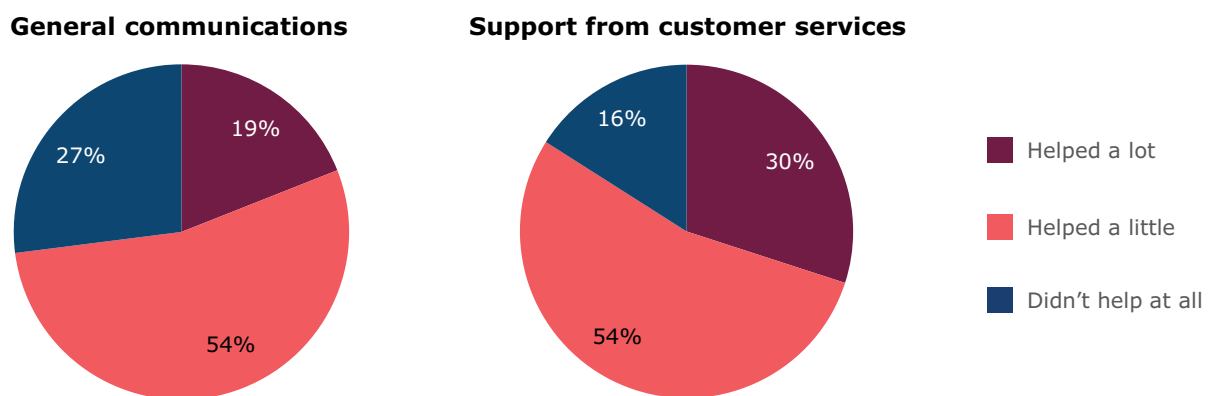
General feedback on provider communications and customer support services

Good communication from and with financial services providers, and effective customer service, are important to help consumers make informed and timely decisions about their financial products.

In the 2022 survey, we asked adults (who held any financial products) to comment on the helpfulness of communications and customer support from financial services providers. Just over half (51%) said they had not received any communication in the previous 12 months to help them make a decision. A similar proportion (53%) had not used customer support services in this period. For the remainder who had used these services (49% and 47% of adults, respectively), Figure 7.25 shows how helpful they found communications and customer support services.

While some consumers faced challenges, most consumers who had used provider communications in the last year to make a decision, or customer support services to help them achieve something, found the interaction or information helped at least a little.

Figure 7.25: Extent to which provider communications and customer services helped with decision-making, among those who received communication or customer services support in the last 12 months (2022)

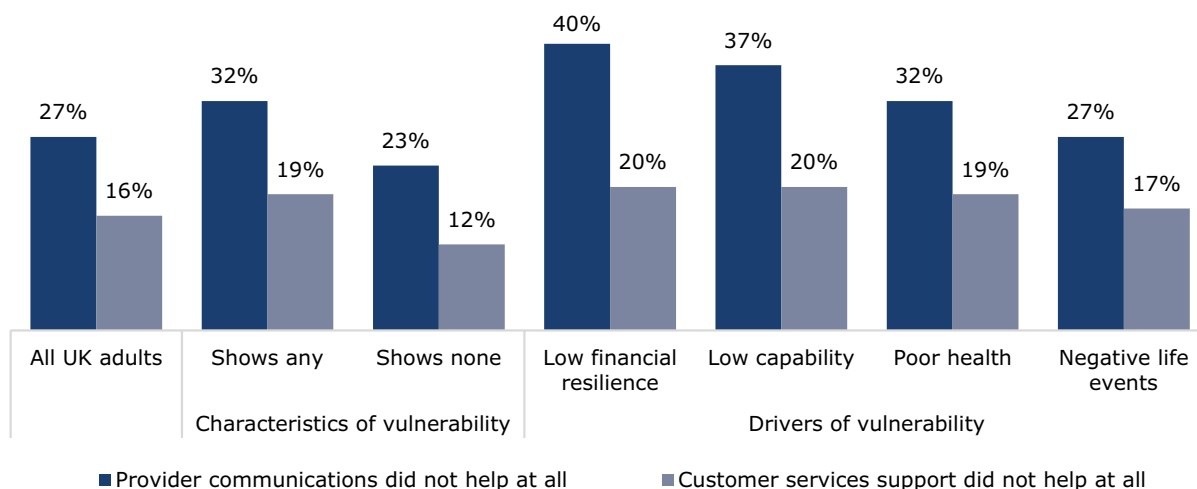


Source: FLS **Base:** All UK adults who hold any financial products (2022: 2,909) excluding 'don't know' responses (14%/12%) and 'not applicable – not received any communications to help me make a decision in the last 12 months' (51%)/'not applicable – not dealt with any customer services in the last 12 months' (53%) responses **Question:** CD13 (Rebased). In the last 12 months, to what extent have communications from financial service providers helped you make informed decisions?/CD14 (Rebased). Thinking about all times you have dealt with your financial service providers' customer services in the last 12 months, to what extent did support from customer services help you to achieve what you wanted to do? For example, this could include things like making general enquiries, raising a complaint, being able to switch or exit from your product, or trying to resolve a problem.

While the majority of adults who had used provider communication or customer support services to make a decision in the 12 months to May 2022 reported positive outcomes, these services should also be accessible to those in vulnerable circumstances, such as individuals with low financial capability.

Figure 7.26 explores this point by comparing the outcomes for adults who had one or more characteristics of vulnerability with those who did not. The figure shows how many adults found provider communications or customer support services to be unhelpful for decision-making, as a proportion of all who had used these services in this period.

Figure 7.26: Proportion of adults who said that provider communications and customer services did not help at all with decision-making, among those who received communication or customer services support in the last 12 months, by characteristics of vulnerability (2022)



Source: FLS **Base:** All UK adults who hold any financial products (2022: 2,909) excluding 'don't know' (14%) and 'not applicable – not received any communications to help me make a decision in the last 12 months' (51%) responses/All UK adults who hold any financial products (2022: 2,909) excluding 'don't know' (12%) and 'not applicable – not dealt with any customer services in the last 12 months' (53%) responses **Question:** CD13 (Rebased). In the last 12 months, to what extent have communications from financial service providers helped you make informed decisions?/CD14 (Rebased). Thinking about all times you have dealt with your financial service providers' customer services in the last 12 months, to what extent did support from customer services help you to achieve what you wanted to do? For example, this could include things like making general enquiries, raising a complaint, being able to switch or exit from your product, or trying to resolve a problem.

Adults with one or more characteristics of vulnerability were more likely to report that provider communications and customer support services did not help at all with their decision-making. Specifically, 32% of adults with one or more characteristics of vulnerability reported that provider communications did not help at all, and 19% stated that customer support services did not help at all, whereas for adults with no characteristics of vulnerability, the percentages were 23% and 12%, respectively.

Looking at the drivers of vulnerability, adults most likely to report poor outcomes were those with low financial resilience and those with low financial capability. The forthcoming Consumer Duty requires firms to ensure that customers in vulnerable circumstances experience outcomes as good as those for other consumers.

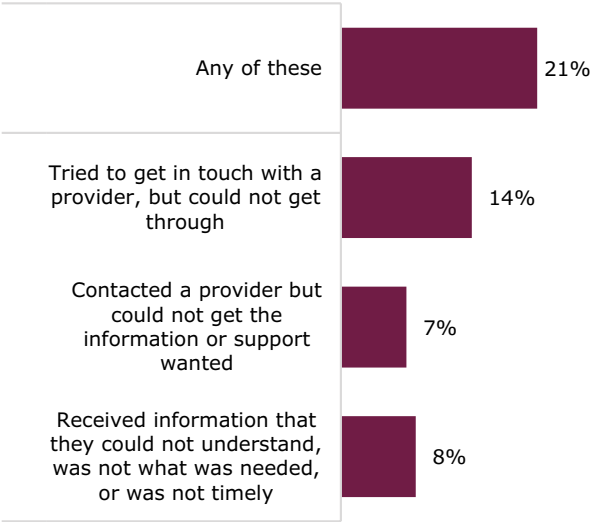
More specific feedback on provider communications and customer support services

We asked adults who held any financial services product, if they had encountered any issues about provider communication and customer support services in the 12 months to May 2022. Specifically, we asked if they had faced any of the following issues:

- being unable to contact a provider
- being able to contact a provider but not receiving the information or support they wanted
- receiving information that they could not understand, was not what they needed, or was not timely

As Figure 7.27 shows, one in five (21%) experienced one or more of these issues in the 12 months to May 2022. This equates to 10.8 million people.

Figure 7.27: Holders of any financial product who encountered issues with provider communication or customer support services, in the last 12 months (2022)



Source: FLS **Base:** All UK adults who hold any financial products (2022: 4,111) excluding 'don't know' responses (10%/11%/12%/13%) **Question:** CD1 (Rebased)./CD5 (Rebased)./CD9 (Rebased)./CD159sum1 (Rebased). In the last 12 months have you had a situation where: you tried to get in touch with one of your financial services providers, but could not get through/you were able to contact a financial services provider, but could not get the information or support you wanted/one of your financial services providers sent you information that: you could not understand; was not what you needed; was not timely eg arrived late, not at a suitable time, not when required?

In the 12 months to May 2022, 7.4 million adults attempted to contact one or more of their financial services providers, only to be unsuccessful (equivalent to 14% of all adults who hold one or more financial products). Half (49%), however, were able to find the information or support they needed in another way.

In the same period, 3.6 million adults were able to contact one of their financial services providers but could not get the information or support they wanted (equivalent to 7% of all adults who hold one or more financial products).

During this period, 4.3 million adults said they received information from their provider that they could not understand, was not what was needed, or was not timely (equivalent to 8% of all adults who hold one or more financial products). Of these adults, 1.8 million said the information was not understandable, 1.5 million that it was not what they needed, and 1.0 million that it was not timely (for example, it arrived late, arrived at an unsuitable time, or simply not when required).



The majority of the stuff that comes through from them doesn't make sense to me. I think they use too much jargon that the average person doesn't understand.

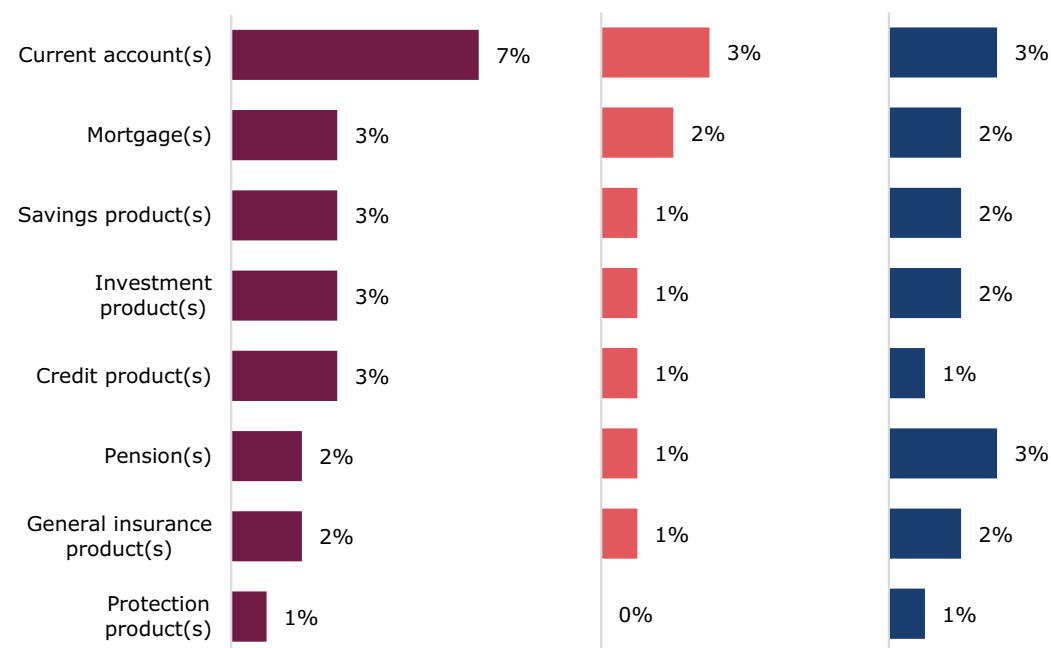
(Male, 35-44)



For adults who faced these issues, we asked them to say which type of financial product this involved. Figure 7.28 shows the results as a proportion of product holders. So, for example, it shows that:

- 7% of adults with a current account attempted to contact one or more of their financial services providers, only to be unsuccessful,
- 2% of adults with a mortgage were able to contact one of their financial services providers, but could not get the information or support they wanted
- 3% of adults with any private pension provision received information from their provider that they could not understand, was not what was needed or was not timely

Figure 7.28: Account holders who encountered issues with provider communication and customer support services, in the last 12 months (2022)



■ Tried to get in touch with a provider, but could not get through

■ Contacted a provider but could not get the information or support wanted

■ Received information that they could not understand, was not what was needed, or was not timely

Source: FLS **Base:** All UK adults who hold at least one product in each product sector (base varies by product sector) **Question:** CD1sum2./CD5sum2./CD9sum2. In the last 12 months have you had a situation where: you tried to get in touch with one of your financial services providers, but could not get through/you were able to contact a financial services provider, but could not get the information or support you wanted/one of your financial services providers sent you information that: you could not understand; was not what you needed; was not timely eg arrived late, not at a suitable time, not when required.

Further impacts of poor provider communications and customer support services

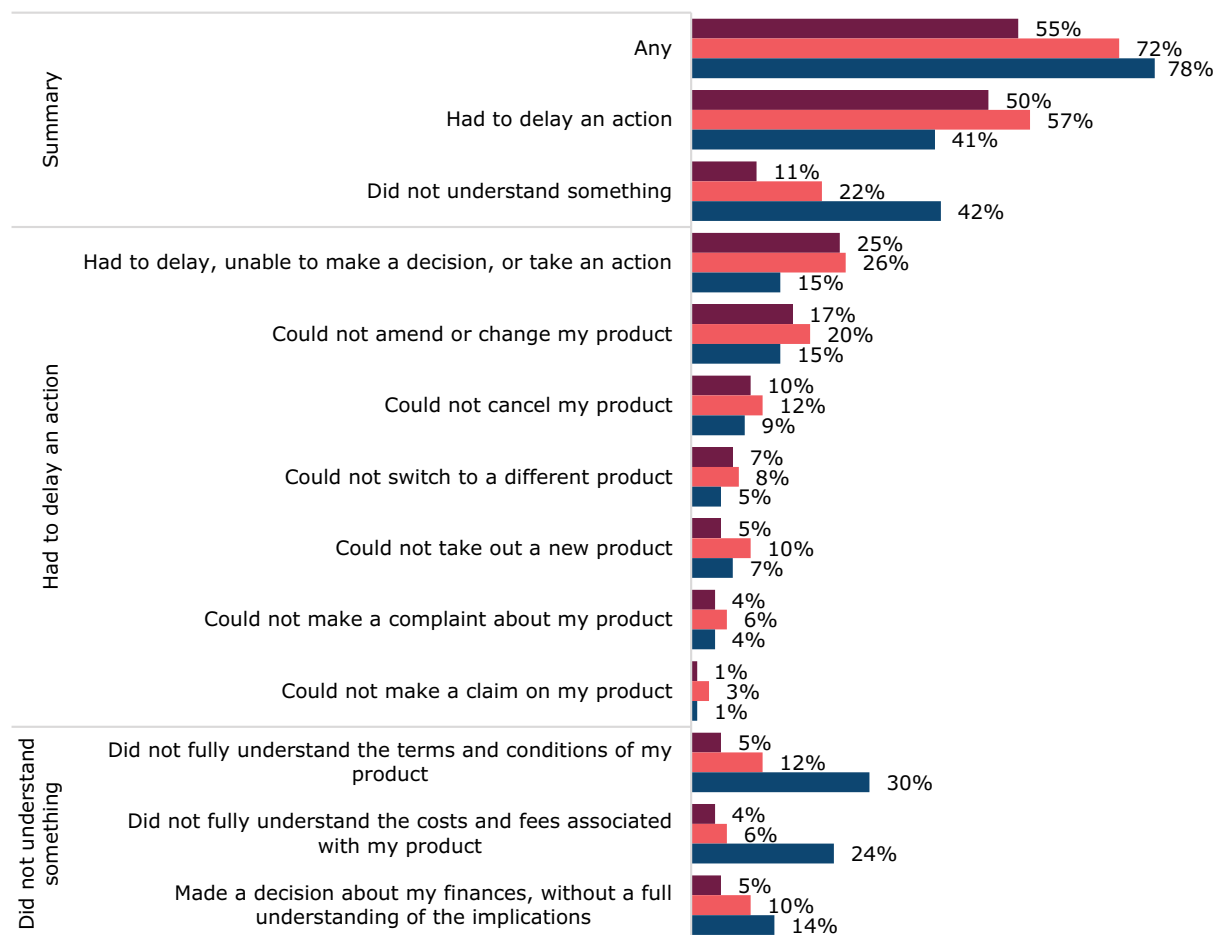
Figure 7.29 explores the impact of poor provider communication or customer support services on adults' decision-making abilities and their understanding of their financial products.

Looking first at adults who unsuccessfully attempted to contact one or more of their financial services providers in the 12 months to May 2022 (ie the maroon bars in the figure), half (50% or 3.3m) had to delay taking an action as a result, such as amending or cancelling a product, switching or taking out a new product, or making a complaint or claim about their product. Additionally, 11% of these adults (or 0.7m) reported not understanding something about their product, such as their terms and conditions or costs and fees.

For adults who were able to get through to their financial services provider but were unable to get the information or support they needed in this period (ie the coral bars), 57% (1.8m) had to delay taking an action as a result, and 22% (0.7m) reported not understanding something about their product.

Finally, for adults who received information in this period that they could not understand, was not what was needed, or was not timely (ie the blue bars), 41% (0.7m) had to delay taking an action as a result, and 42% (0.8m) reported not understanding something about their product.

Figure 7.29: Impacts of not being able to get in touch with their provider, not being able to get the information or support they needed, or receiving information that they could not understand, was not what was needed, or was not timely (2022)



■ Tried to get in touch with a provider, but could not get through

■ Contacted a provider but could not get the information or support wanted

■ Received information that they could not understand, was not what was needed, or was not timely

Source: FLS **Base:** All UK adults who hold any financial products and were not able to get through to their provider in the way they tried in the last 12 months (2022: 545), contacted a provider but could not get the information or support they wanted (264), or receiving information that they could not understand, was not what was needed, or was not timely (138) **Question:** CD4./CD8./CD12. As a result of not being able to get (in touch with your provider/the information or support you needed/information about your product that was understandable/what you needed/timely) did any of the following occur? **Note:** For those adults who experienced this more than once in the last 12 months, they were asked to think about the most recent occasion.

Chapter 8

Security, fraud and scams

Key facts and figures at May 2022: Although most UK adults are careful, millions of adults experienced potentially fraudulent activity in the previous 12 months.

Most adults are **careful with their cards and account details**. Nearly two-thirds (62%) said they always dispose of their statements and documents securely, always cover their PIN, always check if an internet site is secure when giving their bank or credit card details, and always check their statements for unfamiliar transactions. However, not all adults are security conscious. Those least likely to take these precautions included younger adults aged 18-24 and older adults aged 75+, and those with low financial capability.

Under one-quarter (23%) **shared their personal details**, such as their full PIN number or online account log-in details, with someone else to use – usually their spouse or partner, another family member, or a friend.

Consumer recall of **Strong Customer Authentication** (SCA) is widespread. Most (94%) agreed that SCA gives them confidence their payments are safe and secure. Very few (5%) minded the extra time it now takes to make payments.

Most (94%) consumers who set up a new payee in the last 12 months recalled using **Confirmation of Payee** (CoP). 10% of adults who set up a new payee (2.7m adults) recalled having the details not match first time, yet proceeded to make the payment regardless.

In the 12 months to May 2022, 6.6 million adults (13% of those with a day-to-day account) **experienced potentially fraudulent activity**:

- 2.6 million had their debit, credit or other card(s) used without their permission to take cash from their account or had money charged to them
- 0.8 million had money taken from their account in some other way which involved their personal details being used without their permission
- 1.6 million were asked to share their online account log-in details, typically involving someone pretending to be their account provider
- 1.3 million experienced Authorised Push Payment fraud, where they were tricked into authorising a payment to a criminal posing as a legitimate organisation or individual
- 0.5 million adults paid a fee in advance to get a financial product or service that they did not receive
- 2.2 million were contacted by an individual or company with a request to transfer money through their account

Overall, 2.2 million adults had **lost money to these types of fraud** in the 12 months to May 2022. Of these, 63% recovered it fully, 7% recovered some of it, and 18% tried but failed to recover it. The remaining 12% did not try to recover their money, although 7% may yet do so.

4.7 million adults (9% of all UK adults) **experienced one or more unsolicited approaches** about investments or pensions which could potentially be a scam in the 12 months to May 2022 – significantly lower than in 2020 (9.3 million or 18%). 0.4 million responded to an approach, and 0.1 million lost money.

0.5 million adults were the victim of **other pension or investment scams** in the 12 months to May 2022, where they had initiated the contact with the scammer (eg after seeing an advert on a search engine, social media or in the traditional media, or after visiting a copycat website). 0.2 million adults had lost money.

Scope

We start this chapter by looking at current account and card security, at how consumers protect themselves from fraud, and their experiences when things go wrong.

We also look at how consumers handled unsolicited offers in the 12 months before they completed the Financial Lives survey – offers which could potentially be scams – and how many people responded to these approaches.

Finally, we look at how many consumers were victims of any other pension or investment scams, where they had initiated the contact with the scammer.

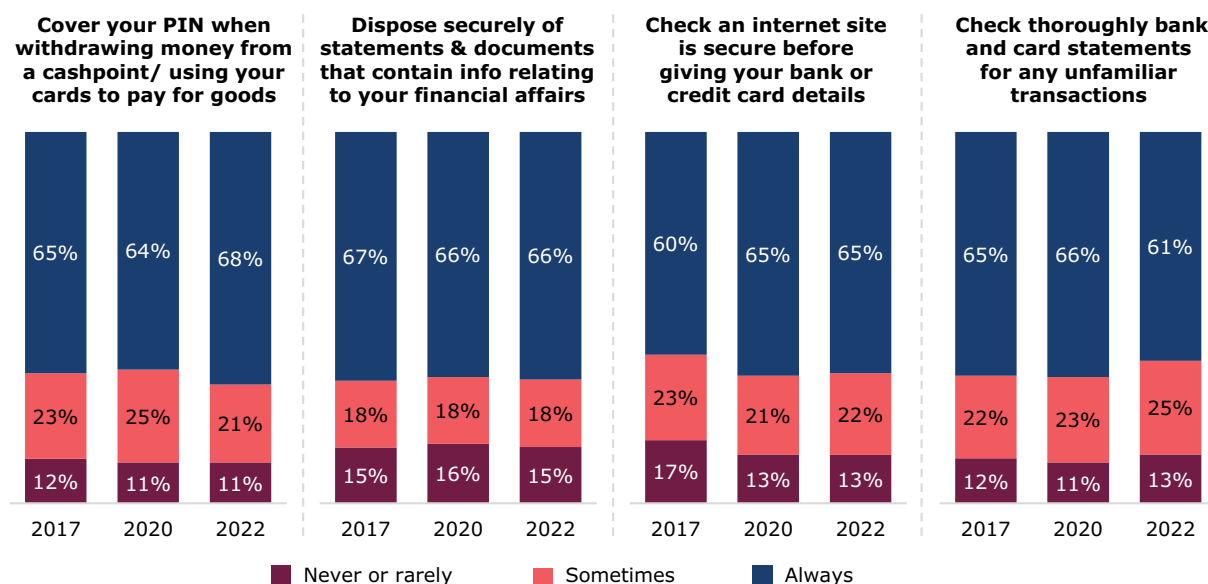
Banking and payments security

Figure 8.1 shows the proportion of UK adults who said they always, sometimes, or rarely or never, take the following precautions to protect themselves against fraud:

- covering their PIN when withdrawing money from a cashpoint or using their bank or credit cards to pay for goods
- disposing securely of their statements and documents that contain information about their financial affairs
- checking an internet site is secure when giving their bank or credit card details
- checking their statements for unfamiliar transactions

Most adults always or sometimes take these precautions – largely unchanged from the findings in 2017 and 2020.

Figure 8.1: Precautions taken to protect against fraud (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 6,337/ 2020: 1,729/ 2022: 1,957) excluding 'don't know' responses ('cover pin': 2%/0%/-; 'dispose of statements/docs': 2%/1%/-; 'check internet site is secure': 2%/1%/-; 'check statements': 2%/0%/-) and 'not applicable' responses ('cover pin': 4%/2%/4%; 'dispose of statements/docs': 5%/5%/8%; 'check internet site is secure': 13%/7%/7%; 'check statements': 3%/1%/4%) **Question:** F13 (Rebased). How often do you...? **CAVEAT** **Note:** 'Don't know' was removed as an answer option in the 2022 survey. We have rebased 2017 and 2020 results to exclude 'don't know' responses to provide comparable data over time.

A significant minority, however, in May 2022, said they rarely or never do any of these things:

- 15% never or rarely dispose of statements and documents securely
- 13% never or rarely check their statements for unfamiliar transactions
- 13% never or rarely check internet sites are secure before giving their bank or credit card details
- 11% never or rarely cover their PIN

Combining these results, 62% of adults said they take all four of these precautions always or sometimes – up from 55% in 2017. Just 2% rarely or never do any of these things – unchanged from 2017.

As Table 8.1 shows, those least likely to take all four precautions in 2022 included adults with low financial capability and those in low-income households.

Table 8.1: Demographic groups least likely to always or sometimes take all four precautions against fraud (2022)

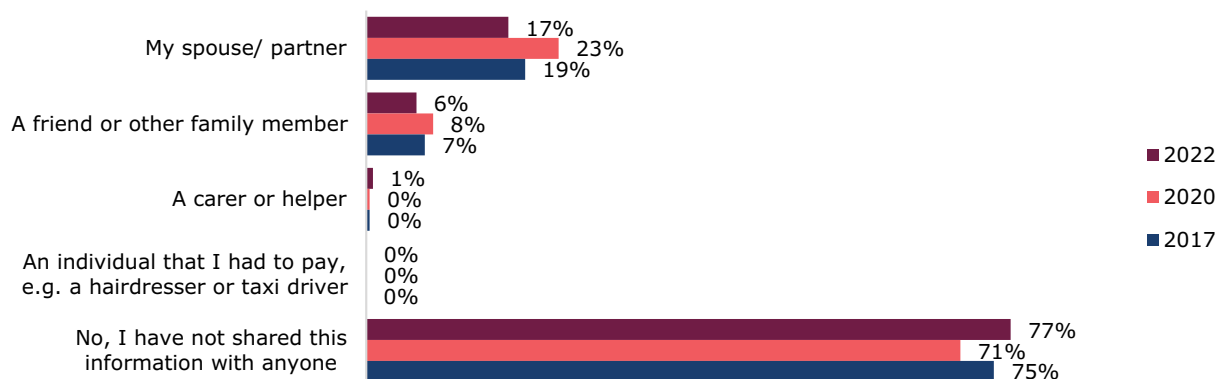
Demographic group	Proportion
Low financial capability	42%
Household income <£15,000	49%
In poor health	49%
Low financial resilience	50%
Aged 75+	51%
Aged 18-24	52%
No educational qualifications	52%

Source: FLS **Base:** All UK adults (2022: 1,957) **Question:** F13sum1. Summary of actions taken

Sharing PIN or account log-in details

Although most adults are careful with their cards and account details, some still share their details. In the 12 months to May 2022, 11.4 million adults (23% of those with a day-to-day account) shared their personal details, such as their full PIN number or online account log-in details, for someone else to use – usually their spouse or partner, another family member, or a friend. These results are shown in Figure 8.2.

Figure 8.2: Sharing personal details (PIN or account log-in details) in the last 12 months (2017/2020/2022)



Source: FLS **Base:** All UK adults who have a day-to-day account (2017: 2,565/ 2020: 4,310/ 2022: 7,298) excluding 'don't know' responses (3%/2%/3%) **Question:** RB34 (Rebased). Have you shared any of your personal details (eg full PIN or online account log-in) with any of the following in the last 12 months?

Adults most likely to share their personal details included those who are/have:

- aged 85+: 44% did in total – 21% with their spouse/partner, 27% with a friend or other family member, and 9% with a carer or helper
- in poor health: 35% did in total – 17% with their spouse/partner, 16% with a friend or other family member, and 7% with a carer or helper
- not working because they are long-term sick, temporarily sick, looking after home or a carer: 34% did in total – 19% with their spouse/partner, 14% with a friend or

other family member, 3% with a carer or helper, and 1% with an individual that they had to pay such as a hairdresser or taxi driver

- low financial capability: 31% did in total – 20% with their spouse/partner, 10% with a friend or other family member, and 3% with a carer or helper

Strong Customer Authentication

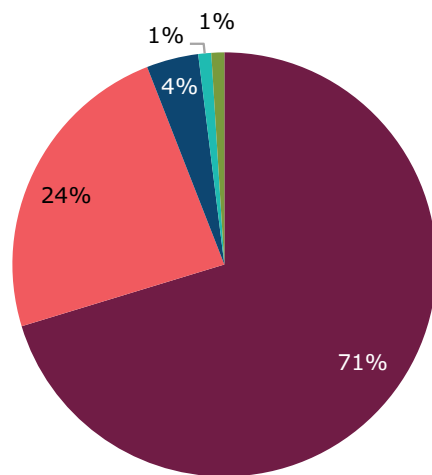
Strong Customer Authentication (SCA) is a new requirement, which aims to improve payment security and limit fraud. It requires banks and payment services providers to verify a customer's identity when making an electronic payment or accessing their account.

Consumer recall of SCA appears to be widespread. Over three-quarters (78%) of adults said that, for the last time they made an online card payment in the previous 12 months, they recall having to confirm their details through a text message, email or through an app on a mobile device. Just 16% did not recall doing so the last time they made a payment, and 6% had not made any online card payments in the previous 12 months.

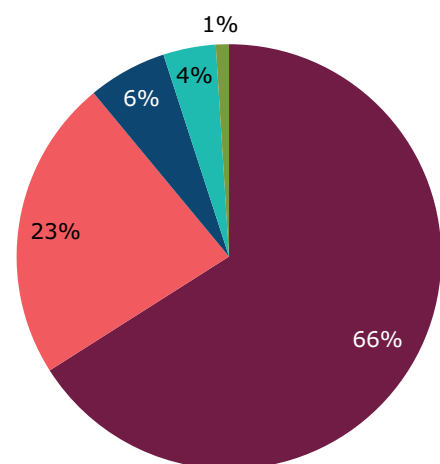
We asked consumers about their attitudes to SCA. As shown in Figure 8.3, the vast majority (94%) agreed that SCA gives them confidence their payments are safe and secure, and very few (5%) minded the extra time it now takes to make payments.

Figure 8.3: Attitudes towards Strong Customer Authentication (2022)

'Strong Customer Authentication gives me confidence my payments are safe and secure'



'I don't mind that it takes me extra time to make payments because of Strong Customer Authentication'



■ Strongly agree ■ Slightly agree ■ Neither agree nor disagree ■ Slightly disagree ■ Strongly disagree

Source: FLS **Base:** All UK adults who recall confirming their own details through a text message, email or mobile app when making an online card payment (2022: 1,471) excluding 'don't know' responses (1%/1%) **Question:** PAY10_a/b. How much do you agree or disagree with the following statement... ?

Adults we spoke to in our one-on-one discussions were supportive of SCA and felt that it gave them more confidence that their payments are secure.

“

I don't have a problem with that. It can be a bit frustrating when I've got to run upstairs and get a credit card to get the information they want. But other than that, it's not a problem. I think in terms of security for the bank, and for financial services, I think it's a positive step. But they're always going to be chasing their tails to some degree.

(Female, 75+)

”

“

Not a hundred percent, but yeah, it does give me more confidence.

(Female, 35-44)

”

“

It's a bit of an inconvenience, but it's not the end of the world. If it's something that helps keep people's details secure, then it's worth doing.

(Male, 45-54)

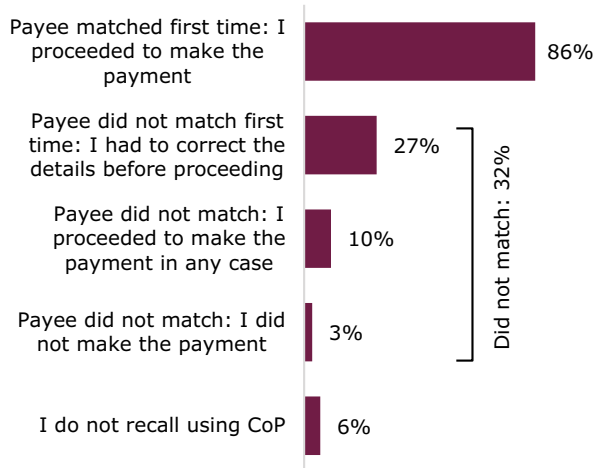
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Confirmation of Payee

Confirmation of Payee (CoP) is an account name checking service that provides people with greater assurance that they are making online payments to the intended recipient. Introduced with the aim of reducing Authorised Push Payment (APP) fraud and accidentally misdirected payments, CoP was rolled out by the six largest banking groups in 2020. Other payment service providers have also voluntarily joined the service.

We asked adults whether they had made a direct bank transfer in the previous 12 months and, if so, whether they had set up a new payee in the process. Around half (49%) of all adults said that they had. We then asked these adults whether they recalled using CoP when setting up a new payee. As shown in Figure 8.4, just 6% did not.

Figure 8.4: Recall of CoP and actions taken by adults who set up a new payee in the last 12 months (2022)



Most (86%) recalled an occasion using CoP in the previous 12 months where the payee details matched first time. One-third (32%), however, recalled an occasion where the payee details did not match.

Of those adults who recalled having the details not match on one or more occasions, one in three proceeded to make a payment regardless, on at least one occasion. This equates to 10% of all adults who set up a new payee in the period under review, or 2.7 million adults.

Source: FLS **Base:** All UK adults who have made a payment through a direct bank transfer and have set up a new payee in the last 12 months (2022: 1,104) **Question:** PAY13. In the last 12 months, when setting up a new Payee, have any of the following happened to you?



Whenever you're setting up a new payment, it is an absolute pain going through all that. But when you think of the way people are being scammed, left, right, and centre, it has to be done. You know, it's even the same with the calculator thing to put your card into, to give you the security codes and everything. You know, they're an inconvenience, but they're necessary.

(Male, 35-44)



It'll say it's a match and then you click proceed and then on the next page it will say, you know before you make this payment, do you trust this person? And I think that's really good, because you're going through loads of different safety checks at each point.

(Female, 55-64)



And if it's not a match I would stop. Because if it's not the person I'm trying to pay and I still pay it anyway, and it goes to some account that I don't recognise, then I'm probably not going to get that money back, am I? So, I don't think I'd go through with it.

(Female, 25-34)

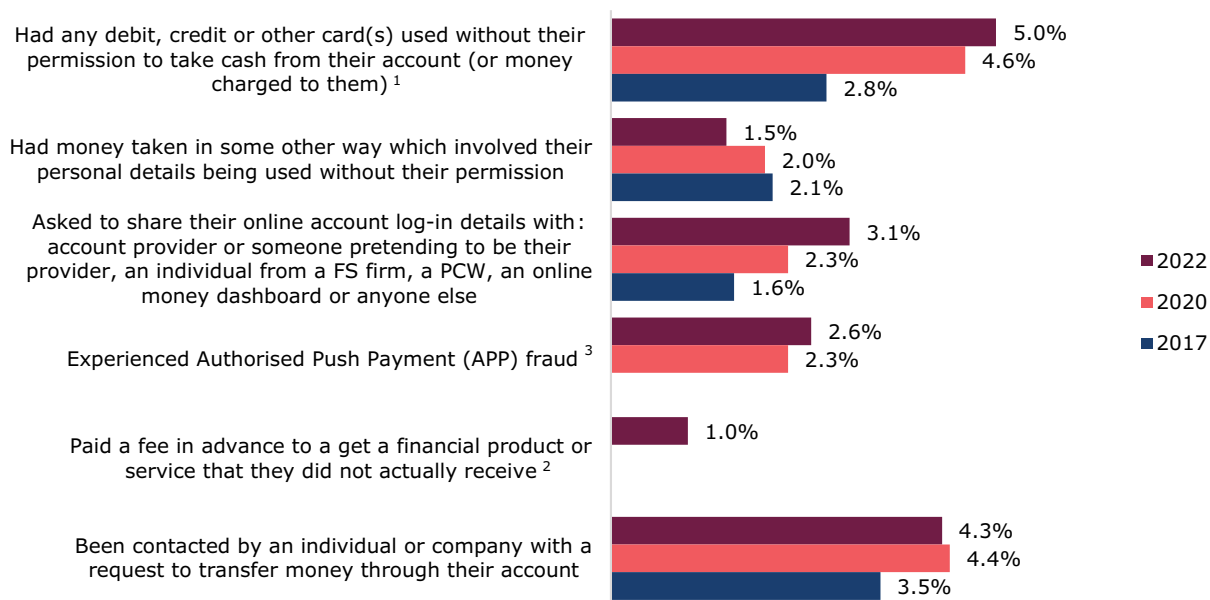
Banking fraud and scams

In the 12 months to May 2022, 6.6 million adults (13% of those with a day-to-day account) experienced one or more of the following potentially fraudulent activities:

- had their debit, credit or other card used without their permission, or had money charged to them
- had money taken in some other way which involved their personal details being used without their permission
- were asked to share their online account log-in details, typically involving someone pretending to be their account provider
- experienced Authorised Push Payment (APP) fraud
- experienced advance fee fraud
- were contacted by an individual or company with a request to transfer money through their account ('money muling')

Figure 8.5 shows the proportion of adults who encountered each of these potentially fraudulent activities in the 12 months to May 2022, the 12 months to February 2020 and the 12 months to April 2017.

Figure 8.5: Experience of potentially fraudulent activity in the last 12 months (2017/2020/2022)



Source: FLS **Base:** All UK adults who have a day-to-day account (2017: 2,565/ 2020: 4,310/ 2022: 7,298) **Question:** RB79/ RB80./RB81./RB87./RB80a./RB83e. **CAVEAT** **Notes:** ¹ In 2017 and 2020 surveys, we asked whether they had had their account or cards used without their permission to take cash from their account (or money charged to them). ² Advance fee fraud added to the 2022 survey. ³ Authorised Push Payment fraud added to the 2020 survey. In view of these changes it is not possible to produce a comparative number for the total proportion of people who experienced these potentially fraudulent activities for 2017, 2020 and 2022.

In the boxes below, we look at each type of fraud separately, for the number of adults who experienced it, whether they reported it, and whether they lost money as a result.

Debit or credit card fraud

In the 12 months to May 2022, 2.6 million adults (5% of those with a day-to-day account) had their debit, credit or other card(s) used without their permission to take cash from their account or had money charged to them. In 2020, 2.3 million adults had any account or card used without their permission.

Looking by type of card in 2022: 1.7 million had a debit card used without their permission, and 0.9 million had a credit card used without their permission. Very few people reported having another kind of card used without their permission.

Most (93%) of those who experienced card fraud reported it: of these 87% reported it to their account provider, 15% to Action Fraud, 6% to the Police, and 3% to another organisation.

1.1 million adults (44% of those who experienced card fraud) lost money as a result.

Money taken in some other way involving their personal details being used without their permission

0.8 million adults (1.5% of those with a day-to-day account) had money taken from their account in some other way which involved their personal details being used without their permission. In 2020, this Figure was 1.0 million (2.0%).

Most (90%) of those who experienced this type of fraud reported it: of these 70% reported it to their account provider, 22% to Action Fraud, 4% to the Police, 1% to the FCA, and 3% to another organisation.

0.4 million adults (55% of those who experienced this type of fraud) lost money as a result.

Asked to share online account log-in details

1.6 million adults (3.1% of those with a day-to-day account) said they had been asked to share their online account log-in details in the 12 months to May 2022 – up from 1.2 million (2.3%) in 2020. Typically, this was by someone pretending to be their account provider (1.0m).

Just over half (52%) of those who experienced this type of fraud reported it: of these 41% reported it to their account provider, 14% to Action Fraud, 8% to the Police, 2% to the FCA, and 2% to another organisation.

Just 0.1 million adults (6% of those who experienced this) said they lost money as a result.

Authorised Push Payment fraud

APP fraud happens when an individual is deceived into transferring funds to someone other than the person they intended to pay. For example, this is where a fraudster poses as their bank and requests a transfer of funds to an account they control, or where an individual pays somebody for what they believe to be a legitimate purpose but which turns out to be fraudulent.

In the 12 months to May 2022, 1.3 million adults (2.6% of those with a day-to-day account) experienced APP fraud. This is not statistically different from the 2.3% who reported experiencing APP fraud in the 12 months to February 2020.

Seven in ten (71%) of those who experienced APP fraud reported it: of these 61% reported it to their account provider, 21% to Action Fraud, 10% to the Police, 3% to the FCA and 4% to some someone else.

Around half (47% or 0.6 million adults) of those who experienced APP fraud lost money as a result.

Advance fee fraud

Advance fee fraud is where an individual or a company asks for a fee in advance to get a product or service that does not materialise. In the case of financial services, this is often for a loan or credit.

In the 12 months to May 2022, 0.5 million adults (1% of those with a day-to-day account) said that they had paid a fee in advance to get a financial product or service that they did not receive.

Groups of consumers who appear to be more susceptible to this type of scam included:

- those with an addiction (14% paid an advance fee without receiving the product or service, compared with the UK average of 1%)
- those with low emotional resilience (6%)
- those with a health condition or illness that affects them socially or behaviourally (6%), affects their learning, understanding or concentrating (6%), or affects their memory (4%)
- those using high-cost credit (4%)
- those who were in financial difficulty (3%)
- mixed/multiple ethnic groups (3%)
- 18-21 year olds (3%)

Around half of those who fell victim to advance fee fraud reported it – usually to their account provider or to Action Fraud.

'Money muling'

A money mule is someone who knowingly, or sometimes unknowingly, lets a criminal transfer money through their account, often in exchange for a fee.

In the 12 months to May 2022, 2.2 million adults (4.3% of those with a day-to-day account) said they were contacted by an individual or company with a request to transfer money through their account – unchanged from 2020 (2.2m or 4.4%). These figures are likely to be an underestimate, given that someone who has acted as a money mule may not want to reveal this fact in a survey, or they may not be aware that their account was used in this way.

Self-employed adults (9% were contacted with a request to transfer money through their account, compared with the UK average of 4.3%), those who are economically inactive because they are long-term or temporarily sick, looking after the home, or a carer (7%) and students (4%) were most likely to say they had been approached in the 12 months to May 2022. Those who are in financial difficulty (9%) or over-indebted (6%) were also more likely to say they had been approached.

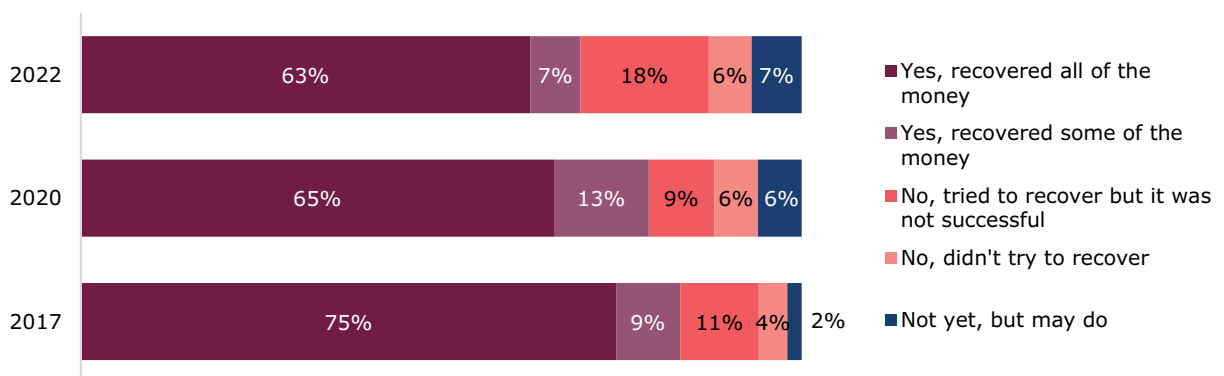
Of those who said they were contacted with a request to transfer money through their account, relatively few (36%) said they reported it: of these 22% reported it to their account provider, 13% to Action Fraud, 6% to the Police, 1% to the FCA and 5% to some someone else.

Success in recovering money lost as a result of fraud

Of the 2.2 million adults who lost money due to one of the frauds detailed above, 63% recovered all their money and a further 7% recovered some of their money. 18% tried to recover their money but were not successful. The remaining 12% did not try to recover their money, although 7% may yet do so.

As shown in Figure 8.6, the proportion of adults who successfully recovered some of or all their money decreased between 2017 and 2020 and has decreased further since 2020.

Figure 8.6: Success in recovering money lost as a result of fraud (2017/2020/2022)



Source: FLS **Base:** All UK adults with a day-to-day account who have been requested to share account log-in details, had cards used without permission, had money taken in some other way, experienced Authorised Push Payment (APP) fraud, or experienced advance fee fraud, and lost money as a result (2017: 115/ 2020: 117/ 2022: 244) excluding 'don't know' responses (14%/4%/10%) **Question:** RB84 (Rebased). Did you recover the money lost as a result of fraud? **CAVEAT**

Note: In 2020, we did not ask about advance fee fraud. In 2017, we did not ask about advance fee fraud or APP fraud.

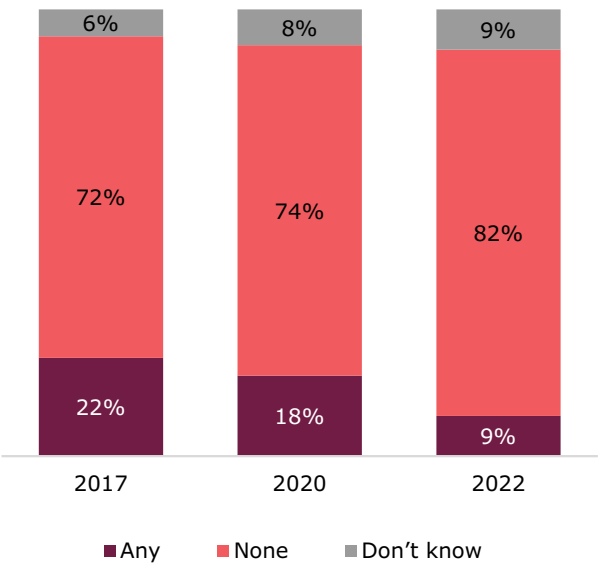
Pension or investment related fraud and scams

Unsolicited approaches about investments or pensions

The Financial Lives survey explores instances of unsolicited approaches made to people in the previous 12 months involving investments, pensions and retirement planning. We do not know whether these unsolicited approaches were scams, but they might be.

In sum, 4.7 million adults (9% of all UK adults) received one or more unsolicited approaches – which could potentially be a scam – in the 12 months to May 2022. This is significantly lower than in 2020 (9.3 million or 18%) or 2017 (11.3 million or 22%). This decline coincides with the introduction, in 2019, of a ban which prohibited cold calling about pensions.

Figure 8.7: Experience of an unsolicited approach related to investments or pensions that could be a scam in the last 12 months (2017/2020/2022)



Source: FLS **Base:** All UK adults (2017: 6,337/ 2020: 16,190/ 2022: 19,145) **Question:** F1A. Have you experienced any of the following unsolicited approaches in the last 12 months? By an 'unsolicited approach' we mean a company or person contacting you, without your having contacted them first. This could be by phone, email, text message, via social media or in person. **CAVEAT**

We asked about the topic of the unsolicited approach. In 2022, the most common topics reported were:

- the offer of a free pension review (experienced by 4% of adults)
- the chance to make an investment with a guaranteed high return (3%)
- someone claiming to be from the Government offering retirement planning advice (3%)
- the offer to access or 'unlock' my pension early (2%)
- the chance to invest money released from my pension with a guaranteed high return (2%)
- an offer to buy shares in a company I had not heard of (1%)
- an opportunity to transfer a pension to a new scheme with a guaranteed high return (1%)
- the offer to take money from my pension through a 'pension loan', 'savings advance' or 'cashback' (1%)

Of those adults who experienced at least one of these unsolicited approaches that could be a scam, 8% (0.4m) took up or responded to the approach and 3% (0.1m) lost money. Some of those who lost money may have got back some or all of it, but this is not captured in the survey.



I invested £200 to get £1,000 back, but they kept asking for more money to release the funds. I invested £1,500 in total and lost it all.

(Female, 25-34)



I was told the company would be listed on the AIM within 8 to 12 months and I would be able to take a profit at that time. The company did not list. It is still advertising but I received no dividend.

(Male, 75+)



Men were twice as likely as women to report receiving an unsolicited approach: 12% reported that they received one or more in the 12 months to May 2022, compared with 6% of women. They were less likely, however, to report that they lost money as a result: 2% of men who received an unsolicited approach said they lost money, compared with 4% of women.



It's made me more wary. So, every unsolicited phone call or email or text that I get, I treat with some suspicion to start with. I don't take anything for granted.

(Male, 65-74)



55-64 year olds were the age group most likely to report receiving unsolicited approaches: 14% reported that they received one or more in the 12 months to May 2022, compared with 8% for 18-54 year olds and 9% for adults aged 65+. Younger adults aged 18-34 were the most likely, however, to report that they lost money as a result: 8% of 18-34 who received an unsolicited approach said they lost money, compared with 2% of adults aged 35+.



Probably about once every three to four months you get a call like that. And I just say I'm not interested in it and ask them to take me off of their lists, but they do seem to come around every few months.

(Male, 55-64)



Adults with characteristics of vulnerability were marginally more likely to report receiving an unsolicited approach (10%, compared with 8% for those with no characteristics of vulnerability) and more likely to respond: 10% of those who received one responded, compared with 6% of adults with no characteristics of vulnerability.

Other pension or investment scams

In the 2022 survey, we also asked adults whether they were the victim of any other pension or investment scams in the previous 12 months, where they had initiated the contact with the scammer – for example, after seeing an advert on a search engine, social media or in the traditional media, after visiting a copycat website, following a recommendation from someone, or after attending a seminar. One per cent (0.5m) said that they had. Around a third of these adults (0.2m) said that they lost money as a result.



A cloned website for a fixed-rate bond. I received my money back with the help of the FCA.

(Male, 75+)



A website was offering 2% return weekly. It was going well for a few days, then they withdrew the funds and shut the website down.

(Male, 25-34)



Appendix A:

Product holdings

This appendix largely takes the form of a spreadsheet. The spreadsheet covers over 100 different financial products, or groups of products such as high-risk investments. It shows the proportion and absolute number (also referred to as a gross estimate) of UK adults who – in their own name or, where applicable, in joint names²² – hold each of these products.²³

In this section, we detail some small changes we made to the product holding data we collect in the Financial Lives 2022 survey. We explain how we estimate product holdings. We also provide notes for the reader on how to navigate the spreadsheet.

Small changes to the product holding data we collect in the 2022 survey

There are three small changes to how we collected product holding information this wave.

Firstly, we included four products for the first time, the definitions of which are included in the Glossary: deferred payment credit (DPC), employer salary advance schemes (ESAs), mini bonds, and Contracts for Difference (CFD).

Secondly, we amended how we collected information about current accounts (including current accounts from a bank, building society or credit union, and current accounts from an e-money account institution).

- In previous survey we asked whether respondents held current accounts and e-money accounts. In 2022, we asked which financial institutions provided the respondent's current account, and we used the name of the provider to establish whether the current account was held with a bank, building society or credit union, or whether the current account was held with an e-money institution.

The final change we made affected shares and equities:

- Instead of recording whether shares and equities were held, we asked separately about shares in listed companies and shares in unlisted companies. This means we can report for each type of shares (listed or unlisted) or for both types combined (any shares or equities).

22 We did not ask about joint holdings in the case of: pensions, credit cards (we asked respondents to think about the credit card where they are the main card holder), store cards and single-trip travel insurance.

23 Our survey does not estimate the number of products held by UK adults, nor does it estimate how many people are covered by a product not held in their own name. For example, some young adults may have home contents insurance or motor insurance cover, but on a policy held by a parent.

Estimating product holders

To collect data on products held, we ask respondents in our 2020 and 2022 surveys to give a 'yes', 'no' or 'don't know' answer for each product in turn. This approach generally results in very few respondents answering that they 'don't know'.

Our Figure for the proportion of adults who have a given product, because it is based only on the answer 'yes', is likely to entail a slight underestimate.

Conversely, our Figure for the proportion of adults not having a given product is likely to be a slight overestimate, because it includes some respondents who 'don't know' whether they have the product or not and we have assumed that none of them do so. It is important to remember therefore that those not holding a product is not simply the reverse of those holding a product – due to the small proportion of adults for whom we do not know whether the product is held or not.

We take a different approach only in the case of pensions and the unbanked, as we did also in our previous surveys:

- Pensions – as a particularly high proportion of adults say 'don't know', probably due to lower engagement levels, we report the 'don't know' responses separately
- Unbanked – is defined as not having a current account with a bank, building society or credit union; not having a current account with an e-money institution, or not knowing if you have an e-money account

For the 2020 survey we made some methodological improvements to how we collected products holding data compared with the 2017 survey. These improvements are set out in Appendix A of our 2020 survey report – they are likely to account for some of the difference in changes in results between 2017 and 2020.

Navigating the spreadsheet

Reading the spreadsheet from top to bottom, the results are grouped by product type: day-to-day accounts, savings accounts, investments, private pensions, mortgage on the property you currently live in, mortgage on property you do not currently live in, consumer credit – now or in the last 12 months, general insurance, and protection insurance.

Within each product group, there are summary rows (eg any general insurance), and then rows for individual products listed in descending order of incidence rate (eg motor insurance is the first individual insurance product listed).

Please see the Glossary for any terms in the appendix that may be less familiar, such as 'unbanked', or to see how we define terms like 'retail finance' and a 'high-cost loan'.

Reading the spreadsheet from left to right, the results are first reported at total level for 2017, then for 2020 and lastly for 2022.

How the results differ in 2022 is then shown by: sex, age, employment status, ethnicity, housing tenure, annual household income, adults with any characteristics of vulnerability and by driver of vulnerability, nations and English regions, Indices of Multiple Deprivation (IMD) top and bottom deciles, and a rural-urban classification.

The statistics provided in the spreadsheet

A single 'Unweighted base' row is provided as the top row of the spreadsheet. This records the number of respondents. For example, 19,145 respondents took part in the 2022 survey, and 1,309 of these respondents were aged 18-24.

The following three rows provide information on the total UK adult population:

- The 'Weighted column %' row shows the proportion of the total UK population holding each product or one or more of a group of products
- The 'Weighted row %' row shows what percentage of the total UK population is represented, after results have been weighted to be nationally representative. For example, 18-24 year olds in 2022 represent 11% of the UK population.
- The 'Gross weighted base (millions)' row shows the number of UK adults represented. For example, the 1,309 18-24 year old respondents represent around 5.7 million UK adults.

These three rows are repeated for every product or product group in the spreadsheet, meaning that every result is provided in three ways. Taking loans from friends and family by 18-24 year olds as an example, we see:

	Age (May 2022)	
	18-24	
Loan from friends or family	15%	This is the 'column percentage'. It tells us that 15% of adults aged 18-24 have a loan from friends or family now (ie at the time of interview) or had had one in the previous 12 months.
	18%	This is the 'row percentage'. It tells us that, of all adults who borrowed from friends and family in the last 12 months, 18% were aged 18-24. Comparing this 18% with the statistic that 11% of UK adults are 18 to 24, we see that a disproportionately high percentage of these young adults are included in this type of borrower.
	0.8 m	This is the 'gross estimate'. It tells us that 0.8 million 18-24 year olds have borrowed in this way in the last 12 months.

As we can also see, the adult population has increased by half a million between the 2020 and 2022 surveys: from 52.4 million in 2020 to 52.9 million in 2022. Consequently, it is possible for there to be a small percentage decrease in results between 2020 and 2022, yet a small increase in the number of adults included in that result.

Appendix B:

Characteristics of vulnerability – the survey algorithm

Introduction

The FCA defines a vulnerable consumer as someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care. Characteristics associated with four key drivers of vulnerability (poor health, low capability, low resilience, or the impact of a negative life event) may increase the risk of a consumer's being vulnerable to harm.

In this report, we cite several results from the Financial Lives 2022 survey, eg that in May 2022, 12.9 million UK adults had low financial resilience.

This methodological appendix describes the underlying survey algorithms used to generate such results. Two algorithms are used to identify vulnerable consumers:

- The first is the same algorithm described in Appendix B of the [Financial Lives 2020 survey report](#). It allows us to examine time-series data, comparing the proportion of adults who show characteristics of vulnerability in 2017, 2020 and 2022. Results based on this algorithm are used throughout this report, and it is the only algorithm used in Chapters 2 and 4-8
- A second algorithm is also used for the 2022 survey, as it captures information on five characteristics of vulnerability covered by questions new to the Financial Lives 2022 survey, ie not covered in the 2017 and 2020 surveys. Results based on this algorithm are included only in Chapter 3, and when Chapter 3 results are repeated in the Executive Summary and Key Findings

This appendix also explains:

- Why the survey algorithms do not cover all the characteristics of vulnerability included in the non-definitive list the FCA has published in its [Finalised guidance](#) for firms on the fair treatment of vulnerable customers in February 2021
- Which characteristics are and are not covered by the survey algorithms
- The algorithms themselves, ie which survey questions and answers contribute to them
- Why we refer to those with characteristics of vulnerability under the health driver not as 'disabled' but as being 'in poor health'
- That we can also report results using the Government's harmonised standard for measuring disability

Why the survey algorithms do not cover all characteristics of vulnerability

In our [Finalised guidance](#) we published a table outlining four drivers of vulnerability and gave examples of types of circumstance (or characteristics of vulnerability) under each of the drivers. This was not intended to be an exhaustive or definitive list of those characteristics. Table B.1 is a copy of the drivers and example characteristics. These examples were developed through consultation on the guidance

Table B.1: The four drivers of vulnerability and example characteristics from our Finalised guidance

Health	Life events	Resilience	Capability
Physical disability	Retirement	Inadequate (outgoings exceed income) or erratic income	Low knowledge or confidence in managing finances
Severe or long-term illness	Bereavement	Over-indebtedness	Poor literacy or numeracy skills
Hearing or visual impairments	Income shock	Low savings	Poor English language skills
Mental health condition or disability	Relationship breakdown	Low emotional resilience	Poor or non-existent digital skills
Addiction	Domestic abuse (including economic control)		Learning difficulties
Low mental capacity or cognitive disability	Caring responsibilities		No or low access to help – or support
	Other circumstances that affect people's experience of financial services, eg leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions		

The survey questionnaire does not contain questions linked to each one of these example characteristics of vulnerability. This is largely due to sensitivity: some characteristics are of a very sensitive nature, and it is not appropriate to seek the information in the Financial Lives survey.

As Table B.1 is not an exhaustive list of characteristics of vulnerability and as not all the characteristics in it are included in the algorithms, our survey-based algorithms of consumer vulnerability will necessarily somewhat underestimate the proportions, and numbers, of UK adults who are displaying characteristics of vulnerability. This underestimate is smaller for the updated algorithm that can be used only to report 2022 survey results – this algorithm can be used when we report results from future surveys.

Characteristics of vulnerability covered by Financial Lives 2017, 2020 and 2022 survey questions

The time-series algorithm – to report 2017, 2020 and 2022 survey data

Table B.2 shows the vulnerability algorithm used to report on characteristics of vulnerability covered by the Financial Lives surveys in 2017, 2020 and 2022.²⁴

Table B.2 also explains any changes in the relevant questions or answer codes between the surveys. Question codings are from the 2022 survey, with any coding differences in the 2020 and 2017 surveys also noted.

Full details are set out for transparency, for example that one of the characteristics of low savings is covered by a question asked of retirees, while most characteristics are covered by questions asked of all respondents.

Table B.2: Vulnerability algorithm covering the Financial Lives surveys in 2017, 2020 and 2022 (time-series algorithm)

Type of characteristic	Question	Description of characteristic	UK population asked the question
Health may indicate access or capacity issues²⁵			
Physical disability	D33=1 AND D35=1 AND D34=4,5,9,11 (2017: D35=1 AND D34=3,4,8,10)	Have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, that reduces their ability to carry out day-to-day activities a lot, and that affects them in one or more of the following ways: mobility; dexterity; stamina, breathing or fatigue; or another effect	All adults
Hearing or visual impairment	D33=1 AND D35=1 AND D34=2,3 (2017: D35=1 AND D34=1,2)	Have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, that reduces their ability to carry out day-to-day activities a lot, and that affects them in one or more of the following ways: vision; hearing	All adults

²⁴ These exclude the five characteristics covered only in the 2022 survey (shown later in Table B.3).

²⁵ Any of the four characteristics set out here may relate to 'severe or long-term illness,' one of the characteristics included in Table B.1.

Table B.2: Vulnerability algorithm covering the Financial Lives surveys in 2017, 2020 and 2022 (time-series algorithm) (continued)

Type of characteristic	Question	Description of characteristic	UK population asked the question
Poor mental health and/ or Low mental capacity or cognitive difficulties	D33=1 AND D35=1 AND D34=6-8,10 (2017: D35=1 AND D34=5-7,9)	Have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, that reduces their ability to carry out day-to-day activities a lot, and that affects them in one or more of the following ways: learning, understanding or concentrating; memory; mental health; socially or behaviourally (associated with a mental health condition, or with a developmental disorder like autism or ADHD (attention deficit hyperactivity disorder))	All adults
Addiction	D33=1 AND D35=1 AND D34=1 (2017: D34=addiction (unprompted))	Have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, that reduces their ability to carry out day-to-day activities a lot, and that affects them in the following ways: addiction, eg drugs, alcohol, gambling (2017: Addiction was added as an explicit response option to the 2020 survey. In the 2017 survey, respondents had the option of stating this as an unprompted 'other' response)	All adults
<u>Experienced one or more negative life events in the last 12 months</u>			
Caring responsibilities	D21b=15 OR (D4a=1 AND D37a=8) (2017: D21b=15 OR (D4a=1 AND D37=Carer's Allowance (unprompted))	Adult (or their partner) became the main carer for a close family member in the last 12 months, or living in a one adult household and in receipt of Carer's Allowance (2017: In the 2017 survey, some respondents said that they received Carer's Allowance unprompted when asked what other benefits they receive. Carer's Allowance was added as an explicit response option to the 2020 survey. As a result, there is likely to be some underreporting of Carer's Allowance in the 2017 survey, compared with the 2020 and 2022 surveys)	All UK adults

Table B.2: Vulnerability algorithm covering the Financial Lives surveys in 2017, 2020 and 2022 (time-series algorithm) (continued)

Type of characteristic	Question	Description of characteristic	UK population asked the question
Bereavement (or serious accident or illness of a close family member or experienced themselves)	D21b=10-14	One or more of the following events experienced by the adult (or their partner) in the last 12 months: serious accident or illness (or of a close family member); death of a parent, partner or child	All adults
Income shock	D21b=5-7	One or more of the following events experienced by the adult (or their partner) in the last 12 months: losing job/being made redundant; reduction in working hours (against wishes); bankruptcy	All adults
Relationship breakdown	D21b=8-9	One or more of the following events experienced by the adult (or their partner) in the last 12 months: relationship breakdown/separation; divorce	All adults
Have low resilience – these characteristics are all about low financial resilience			
Over-indebted	K1=3	Keeping up with domestic bills and credit commitments is a heavy burden	All adults
	K2=1	Payments for any credit commitments and/or any domestic bills have been missed in any three or more of the last six months ²⁶	All adults
Low savings	AT4=1	If the main source of household income were lost, their household could continue to cover living expenses for less than a week, without having to borrow any money or ask for help from friends or family	All adults
	AT10_d=5	Strongly disagree with the statement 'I do not have difficulty paying for day-to-day expenses since I retired'	All adults who are retired
	M104=1 or 2	Mortgage and/or rent payment increases of less than £50 a month would be a struggle to meet	All adults who own the property they currently live in with a residential mortgage, who rent it, or who pay part rent and part mortgage (shared ownership)

²⁶ This definition of over-indebtedness was created by the Money and Pensions Service (MaPS), formerly the Money Advice Service (MAS).

Table B.2: Vulnerability algorithm covering the Financial Lives surveys in 2017, 2020 and 2022 (time-series algorithm) (continued)

Type of characteristic	Question	Description of characteristic	UK population asked the question
Capability is low			
Low financial capability	AT1a=0-3	Score 0 to 3 out of 10, where 0 is 'not at all confident' and 10 is 'completely confident' when asked to rate confidence in managing money	All adults
	AT5=0-3	Score 0 to 3 out of 10, where 0 is 'not at all knowledgeable' and 10 is 'very knowledgeable' when asked to rate knowledge about financial matters	All adults
	AT1c_c=5	Strongly disagree with the statement 'When it comes to financial services and products, I would consider myself to be a confident and savvy consumer'	All adults
Poor or non-existent digital skills	D16aDV=2-5 or (D16=4 AND D20=4,5) (2020: D16a=2-5 or (D16=4 AND D20=4,5)) (2017: D16=8-11 or (D16=5-7 AND D20=4-5))	Digitally excluded adults are defined as those who have never used the internet; have not used the internet within the last three months or don't know when they used internet last; or those who have used the internet in the last three months but less often than once a week and rate their ability to use it as poor or bad. (2022: The coding for the 2022 and 2020 surveys differs, because in 2022 a check question (D49) was added to check whether people not identifying as internet users do in fact use it, but may not be familiar with the term 'internet') (2017: Digitally excluded adults are defined as those who have never used the internet; use the internet about once every six months or less often, or don't know how often they use the internet; or those who use the internet about once a fortnight, once a month or once every 2-3 months and rate their ability to use it as poor or bad)	All adults

Additional characteristics of vulnerability covered by Financial Lives 2022 survey questions

Our 2022 survey captures information on five characteristics of vulnerability not covered in previous Financial Lives surveys. These additional characteristics of vulnerability, organised by driver, are:

- Health: progressive health conditions: cancer, multiple sclerosis (MS), or HIV infection
- Life events: economic control (or financial abuse)
- Resilience: low emotional resilience
- Capability: low English language skills
- Capability: having one or more learning difficulties (those who say they definitely have dyslexia, dyscalculia or dyspraxia)

Hence, we can also report updated estimates for the proportion and number of adults who have one or more characteristics of vulnerability in 2022, taking into account these additional characteristics covered in the 2022 survey. In this report, we do this only in Chapter 3, and when Chapter 3 results are repeated in the Executive Summary and Key Findings.

The updated algorithm – to report 2022 survey data

The 2022 updated survey-based algorithm contains all the vulnerability characteristics detailed in Table B.2, as well as the additional characteristics shown in Table B.3.

Table B.3: Characteristics included in the updated 2022 algorithm but not in the time-series algorithm set out in Table B.2

Type of characteristic	Question	Description of characteristic	UK population asked the question
Health			
Progressive health conditions: <i>cancer, multiple sclerosis, or HIV infection</i>	D35d=1-3	Have any form of cancer, MS, or HIV infection	All adults
Negative life events			
Financial abuse	D50=1-7	In the last five years have experienced any form of financial abuse by a partner or family member	All adults
Have low resilience			
Low emotional resilience	D43=5	Find it very difficult to recover from negative experiences	All adults

Table B.3: Characteristics included in the updated 2022 algorithm but not in the time-series algorithm set out in Table B.2 (continued)

Type of characteristic	Question	Description of characteristic	UK population asked the question
Capability is low			
Low English language skills	D44a=3-4	Main language is not English or Welsh, and do not speak English well or at all	All adults
Learning difficulties	D35c_a=1, D35c_b=1, and/or D35c_c=1	Definitely have dyslexia, dyspraxia, or dyscalculia	All adults

The updated algorithm – what each of the five new 2022 survey questions contributes to the proportion of all UK adults with characteristics of vulnerability

In May 2022, 47% of UK adults showed one or more characteristics of vulnerability (based on the time-series algorithm), rising to 52% (based on the 2022 updated algorithm).

Table B.4 summarises what proportion of UK adults had each of the five characteristics included in the updated 2022 algorithm. For example, in May 2022 7% of UK adults had low emotional resilience. The table also shows what proportion of UK adults showed each characteristic and no other of the characteristics in the time-series algorithm. For example, in May 2022 2% of UK adults showed low emotional resilience and no other characteristic of vulnerability in the time-series algorithm.

Table B.4: What each of the five new characteristics included in the updated 2022 algorithm contributes to it

	UK adults with this characteristic	UK adults with this characteristic and no other characteristic in the time-series algorithm
Have low emotional resilience	7%	2%
Definitely have dyslexia, dyspraxia, or dyscalculia	4%	3%
Experienced financial abuse by a partner or family member in the previous five years (economic control)	4%	2%
Having any form of cancer, MS, or HIV infection	3%	2%
Main language is not English or Welsh, and do not speak English well or at all	1%	1%

Poor health and disability

In this report, we refer to those who have characteristics of vulnerability under the health driver as:

- Having 'poor health' – when we use the time-series algorithm
- Having 'poor health' or cancer, MS, or HIV infection – when we use the updated 2022 algorithm

Our survey definition of poor health is, in short, 'having a physical or mental health condition or illness that has lasted or is expected to last 12 months or more that reduces your ability to carry out your day-to-day activities a lot.'²⁷

This is similar to, but not the same as, the definition of disability in the Equality Act 2010, which sets out when someone is considered to be disabled and therefore protected from discrimination. The Equality Act defines disability, in short, as having a physical or mental impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

There are two ways in which the Financial Lives survey definition of 'poor health' does not meet the Equality Act definition of disability:

- People with progressive health conditions automatically meet the disability definition under the Equality Act 2010 from the day they are diagnosed, even if their condition does not currently have a substantial negative impact on their ability to carry out day-to-day activities. In the time-series algorithm we did not include progressive health conditions, as there were no questions on these in the 2017 and 2020 surveys. We added the questions about having cancer, MS, or HIV infection to the 2022 survey and to the updated 2022 algorithm; we did not change our definition of 'poor health' to include these conditions.
- Our definition of 'poor health' includes gambling and other addictions (which are not part of the Equality Act definition of disability), as conditions which may reduce a person's ability to carry out day-to-day activities a lot. The way the survey questions are asked means, if a respondent has multiple long-lasting health conditions, of which one is addiction, and they tell us that their day-to-day activities are affected a lot by their health conditions, we do not know if this adverse effect is due to addiction only – and we cannot remove such respondents from the cohort with 'poor health'.

Government's harmonised standard for measuring disability

Using Financial Lives results, we can also report for a group of adults whom we identify as disabled when we use the Government's harmonised standard questions for capturing disability in surveys.

²⁷ The longer definition is: 'having a physical or mental health condition or illness that has lasted or is expected to last 12 months or more, that affects you a lot in one or more of the following ways: mobility; dexterity; stamina, breathing or fatigue; learning, understanding or concentrating; memory; mental health; socially or behaviourally (associated with a mental health condition, or with a developmental disorder like autism or ADHD); addiction; vision; hearing, or another effect – that reduces your ability to carry out day-to-day activities a lot'.

According to the harmonised standard approach, people are considered disabled if they have a long-lasting physical or mental health condition or illness that restricts their ability to carry out day-to-day activities to any degree – it reduces their ability to carry out day-to-day activities ‘a little’ or ‘a lot’.

This differs from our measure of those in poor health in that we only include those who say their activity is restricted ‘a lot’. Furthermore, the harmonised standard approach does not include a question on progressive conditions, so it excludes those adults with cancer, MS, or HIV infection where their condition does not currently have a negative impact on their ability to carry out day-to-day activities. Table B.5 shows the characteristics included in the Government’s harmonised standard for measuring disability.

Table B.5: Financial Lives questions for the Government’s harmonised standard for measuring disability

Type of characteristic	Question	Description of characteristic	UK population asked the question
<u>Long-lasting physical or mental health condition or illness</u>	D33=1 AND D35=1-2	Have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, that reduces their ability to carry out day-to-day activities a little or a lot	All adults

Appendix C:

Methodological notes

Introduction

This appendix covers research design and data collection, including a brief description of the Financial Lives 2022 survey, the Financial Lives cost of living (January 2023) recontact survey and the qualitative research used in this report.

It also provides some important reporting conventions, including a guide to reading the charts in this report.

Research design and data collection

The information contained in this report is drawn from three different sources:

- The FCA's Financial Lives survey (FLS): a robust, large-scale nationally representative tracking survey of UK adults' financial behaviour and their perceptions and experience of the UK financial services industry. It takes place approximately every two years and is designed to provide useful longer-term trend data
- The FCA's Financial Lives cost of living (January 2023) recontact survey: a short survey conducted with some of the respondents to our FLS 2022 survey
- Qualitative consumer research: one-hour depth interviews conducted by telephone and video call. Respondents were drawn from those who had taken part in the FLS 2022 survey and had agreed to be re-contacted

In this section, we discuss each research source briefly in turn.

Financial Lives 2022 survey: fieldwork dates, data collection and survey design

The Financial Lives survey is the UK's largest tracking survey of UK adults' financial behaviour and their perceptions and experience of the UK financial services industry. The survey is nationally representative.

Fieldwork for the 2022 survey took place between 1 February and 6 June 2022. Of the 19,145 achieved interviews, over 60% were completed in May 2022— hence we often refer to results as at May 2022. The comparative information for our previous two main Financial Lives surveys are:

- FLS 2017: fieldwork from 13 December 2016 to 3 April 2017; 95% of the 12,865 interviews were completed in 2017; also known as our April 2017 survey

- FLS 2020: fieldwork from 30 August 2019 to 18 February 2020; over 70% of the 16,190 interviews were completed in 2020; also known as our February 2020 survey

Of the 19,145 interviews conducted for the 2022 survey, 18,889 were completed online and 256 were completed by telephone interview. The telephone survey was designed principally to make sure non-internet users could take part, although of our 331 digitally excluded respondents, 222 took part online with support from a friend or family member.

The change from using an in-home survey (2017, 2020) to using a telephone survey (2022), to capture non-internet users and some respondents in their 80s, was prompted by in-home interviewing being less reliable post Covid-19, and in-home interviewing being disproportionately more expensive than telephone interviewing. Nonetheless, for a robust survey, it is important to give everyone sampled the chance to complete – and we would have conducted more telephone interviews, had there been more demand from respondents for this type of data collection.

Structure of the Financial Lives 2022 survey questionnaire

Asking all respondents all parts of the survey for which they were eligible would have resulted in too long an interview – in total, the survey has nearly 1,300 questions. For that reason, respondents were allocated to some of the sections for which they were eligible in a way that controlled both the overall interview length and the sample for each section, ensuring samples of sufficient size for analysis purposes. Most respondents answered between 300 and 350 questions.

The survey has three sections:

- Sections asked of all 19,145 respondents, covering: demographics, attitudes to finance and financial services, product ownership, assets and debts, finding out if the respondent had received regulated financial advice, and financial numeracy
- Sections asked of all eligible respondents, covering: high-cost credit, funeral plans, use of platforms for investments, people declined a financial product, and people without a bank account
- Sections asked of representative random samples of respondents, covering all other sections – these sections use a 1 in N approach or relative selection probabilities (RSPs) to select respondents; some individual questions or sets of questions within the product ownership and attitudes sections also use a 1 in N approach

Please see the FLS 2022 Technical Report for more information on survey structure and how this differs a little for the telephone survey, and for more information on sampling and weighting. For more information on the content of the survey, see Figure 1.2 in this report, and see the FLS 2022 [crib sheets](#) and [questionnaire](#).

Financial Lives cost of living (January 2023) recontact survey: fieldwork dates, data collection and survey design

This short survey was conducted online and by telephone. It ran from 6 December 2022 to 16 January 2023.

All respondents to our main Financial Lives 2022 survey who we had permission to recontact were invited to take part. In total, we received 5,286 responses, from the 15,632 respondents we invited to take part. As the majority (68%) of these responses were completed in January 2023, we refer to this survey as our January 2023 recontact survey.

This recontact survey was designed to understand the financial impact of the rising cost of living on adults across the UK over the 6 months to January 2023 – and hence to provide insights for the FCA and for lenders, insurance companies and other interested parties about the numbers of consumers struggling to pay their bills and/or seeing their debts increase. The survey also explored the ways in which consumers dealt with the rising cost of living.

This survey had a very simple structure. All respondents were asked all the questions for which they are eligible.

See the FLS 2022 Technical Report for more information also on this survey, including weighting. For more information on survey content, see the [questionnaire](#).

Qualitative consumer research

In this report, we bring alive many results, not least the impacts of the rising cost of living, through:

- People's stories: short case studies about a respondent's financial situation and experiences
- Verbatim comments: respondent quotations, reported word for word with only minor editing. The quotations are labelled with the respondent's sex and age
- Short summaries of common themes in respondent stories

All the people's stories and short summaries, and many of the verbatim comments, come from 31 one-hour interviews, conducted by telephone and video call from 18 January to 28 February 2023. The respondents were recruited from among those who completed the Financial Lives 2022 survey.

For this qualitative research, we were particularly interested in hearing stories about the impacts of the rising cost of living – we focused largely on speaking to people whose financial situation had worsened due to the rising cost of living. While a small number of interviews were also conducted with adults who said their financial situation had stayed the same, the qualitative research was not designed to be representative of the overall population. Several other topics were also covered in the qualitative research, including, for example, attitudes towards using deferred payment credit, trust in financial services and in the FCA, and experiences of fraud.

Some of the consumer verbatim comments in this report also come from open-ended survey questions:

- Principally from questions in the January 2023 recontact survey on what the rising cost of living meant to consumers and about their recent experiences in dealing with financial services firms
- Also from two open-ended questions in FLS 2022 about consumers' particularly good or particularly poor experiences of dealing with financial services or financial services firms

Reporting conventions

Table and chart conventions

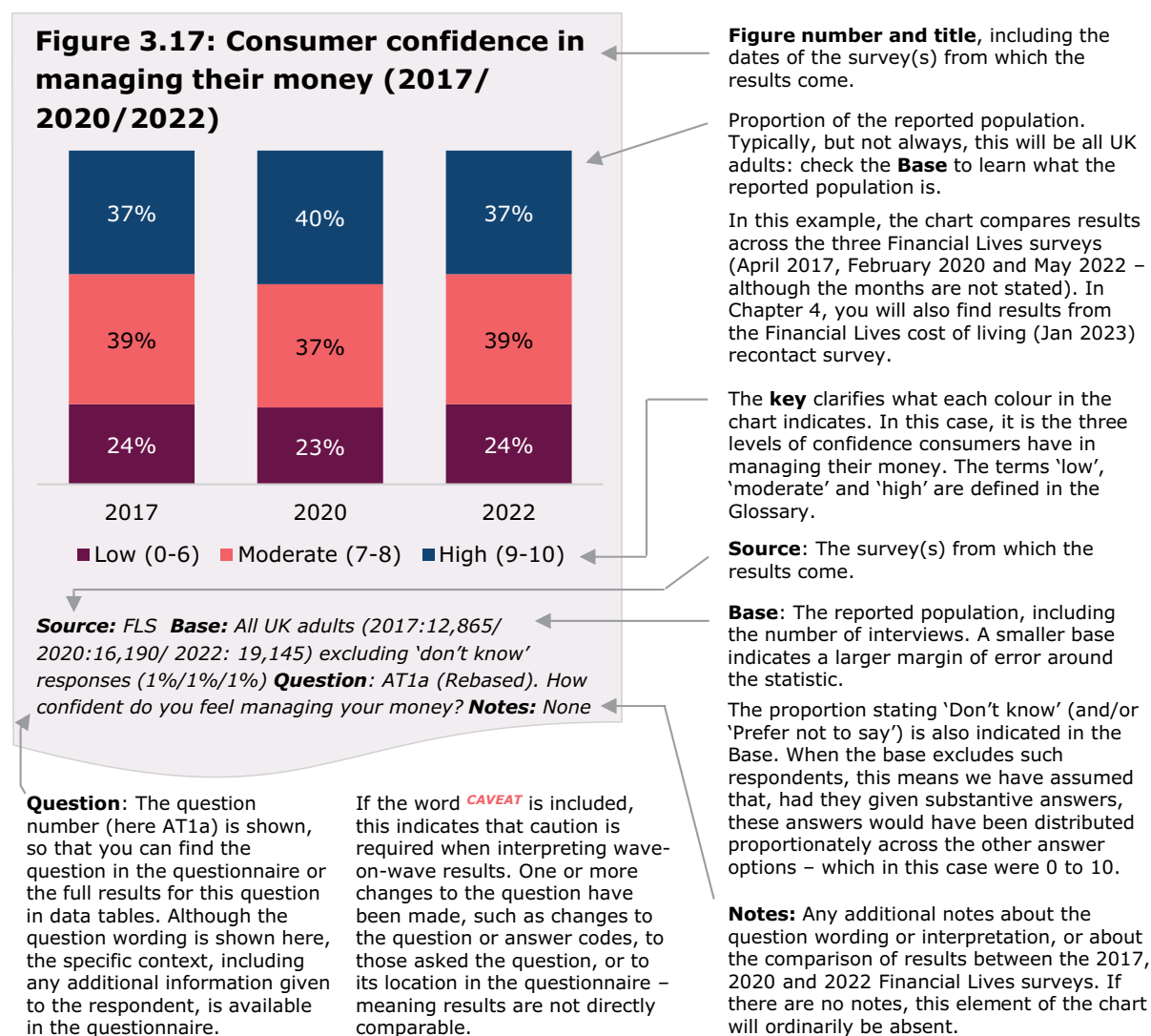
In this report and in the spreadsheet included in [Appendix A \(Product holdings\)](#), the following conventions are used for reporting results:

- * An asterisk is used, and percentage results are not provided, where the unweighted base is too low, ie fewer than 50 observations.
 - [x%] Percentage results based on 50 to 99 unweighted observations are caveated through the use of square brackets.
 - 0% Observations, but less than 0.5%.
 - No observations.
 - 0.7% Statistics are cited to zero decimal place, except for product holdings where 10% or fewer adults hold the product, and for a small number of other ad hoc reasons.
 - unp An unprompted response. The answer code frame for many survey questions includes an 'Other (write in)' response option. This allows respondents to give a response which has not been prompted. These unprompted responses are not directly comparable to the selection of pre-existing, or prompted, response options.
- CAVEAT** The word 'caveat' is included after the question text in chart base information, to indicate that caution is required when interpreting wave-on-wave results. One or more changes to the question have been made, such as changes to the question or answer codes, to those asked the question, or to its location in the questionnaire – meaning results are not directly comparable.

A guide to reading charts in this report

The charts (or figures, as we call them) in this report use a set of conventions. Understanding these makes it easy to read and to gain the maximum value from the charts. Figure C.1 explains the main elements of each chart.

Figure C.1: Guide to reading the charts in this report



Notes on some analysis groups

The figures in this report often show results for all adults responding to a particular question (typically, but not always, this will be all UK adults) as well as for selected analysis breaks. These analysis breaks usually include sex and age, but may also include other breaks of particular interest to the given question, such as employment status, housing tenure, ethnicity and household income. We do not always chart all responses within an analysis break:

- Sex: We do not chart results for the very small base of those who 'prefer not to say' (we have rebased the responses)
- Employment: We do not chart results for those who 'don't know'

- Housing tenure: We do not chart results for those who 'don't know' (we have rebased the responses)
- Ethnicity: We do not chart results for those who 'prefer not to say' (we have rebased the responses)
- Household income: We do not chart results for those who 'don't know' or 'prefer not to say' (we have rebased the responses)

Sex and gender

In the 2017 and 2020 survey questionnaires, we captured respondents' gender. In FLS 2022 we also asked respondents what their sex is, and we use this as a primary reporting variable. We made this change, as sex is one of the nine characteristics identified as protected in the Equality Act 2010, and in order to explore better through the Financial Lives survey the different experiences of consumers from diverse backgrounds.

See the FLS 2022 [Technical Report](#) for more information on capturing sex as a characteristic, including weighting by sex and age.

Rounding

In figures, tables and report text, percentages derived from the survey analysis or associated calculations are usually rounded upwards or downwards to the nearest whole number. Where a percentage, calculated to one decimal place, is x.5% the convention is to round upwards, eg 56.5% is shown as 57%. Totals may, therefore, not add to 100%. When we report means for monetary amounts, such as household income or mortgage debt, our convention is to report to the nearest £1,000, except for unsecured debt and losses related to fraud and scams, where we report to the nearest £10.

Rebasing: the treatment of 'don't know' and 'prefer not to say' responses

Findings are usually rebased to exclude respondents who refuse to answer a question by selecting a 'prefer not to say' code.

We also rebase the results to exclude respondents who say 'don't know', where this response is not a meaningful result. As an example:

- If x% of the UK adult population does not know who their pension provider is, then we would consider this to be a meaningful result and would include 'don't know' responses in the data (here, the fact that they do not know who provides their pension is an interesting finding that conveys some meaning)
- If x% of the UK adult population does not know how confident they feel in managing their money, then we would not consider this to be a meaningful result and would rebase the results to exclude 'don't know' answers (here, people should be able to say how they feel, even if they have no feeling one way or another)

The base information below the figures and tables gives the details on the weighted proportion of respondents that have been excluded because they selected 'don't know' or 'prefer not to say'.

Whether a result is meaningful or not is sometimes a matter of interpretation. We encourage the reader to consult the weighted data tables published with this report, which include both the rebased results and the non-rebased results.

Statistically significant differences

We have tested all the survey results to a confidence interval (CI) of 95%. Where we pick out results in the report text, they are always statistically significant to a confidence level of 95%, unless we explicitly say they are not. This applies to comparison of results both for different consumers in the same survey (eg men and women) and for the same consumer group between the Financial Lives surveys (eg results for women in 2020 compared with results for women in 2022).

For example, if we say that 'women are more likely to use catalogue credit or shopping accounts than men', there is less than 5% chance that this difference would have been observed in the survey, if there was no significant difference in the actual population. The same is true for time series data. For example, if we say that 'more women use catalogue credit in 2020 than in 2017', there is less than 5% chance that this difference would have been observed in the survey, if there was no significant difference in the actual population.²⁸

How we calculate and why we report means

Many questions which request a monetary value (such as adults' household income or mortgage debt) capture this information using pre-defined discrete ranges, rather than requesting a precise number. This approach has the advantage of reducing non-response, because participants feel more inclined to answer in ranges.

This approach does mean, however, that calculating averages from these questions has some limitations. For example, means are calculated from the distribution of answers and a midpoint of each range. This approach inherently assumes that all answers in the specific range are grouped evenly around that midpoint, which may not be the case. As a result, the mean averages may be over- or under-estimates.²⁹

On the other hand, the use of ranges in this way eliminates outliers: any extreme answer is in effect removed by being allocated to the uppermost or lowermost range (by respondents themselves). The uppermost range is always in the format '£X or above' and a 'midpoint' for that range is set with a value close to the bottom end to limit the impact of outliers. Therefore, while medians are typically used to report an average which minimises the impact of outliers, this approach is not as necessary for the Financial Lives survey, as means are calculated in a manner that already does so.

28 By 'chance' we technically mean the chance of errors associated with sampling

29 In the 2020 survey we increased the number of ranges offered at monetary value questions, as one way to improve the accuracy of response

Abbreviations

Term	Definition
ADHD	Attention Deficit Hyperactivity Disorder
APP	Authorised Push Payment
BACS	Bankers' Automated Clearing System
CFDs	Contracts for Difference
CHAPS	Clearing House Automated Payment System
CoP	Confirmation of Payee
DPC	Deferred payment credit
DB	Defined Benefit
DC	Defined Contribution
DWP	Department for Work and Pensions
ESASs	Employer salary advance schemes
FCA	Financial Conduct Authority
FLS	(The FCA's) Financial Lives survey
FS	Financial service(s)
HIV	Human Immunodeficiency Virus
IFA/FA	Independent Financial Adviser/Financial Adviser
IMD	Indices of Multiple Deprivation
ISA	Individual Savings Account
ITLs	International Territorial Levels
IVA	Individual Voluntary Arrangement
LGBT+	Lesbian, Gay, Bisexual, Transgender, and Related Communities
LISA	Lifetime ISA
MS	Multiple sclerosis

Term	Definition
na	Not applicable
NS&I	National Savings and Investments
PEMC	Pre-existing medical condition
PCW	Price comparison website
PIS	Payment Initiation Service
PISP	Payment Initiation Service Provider
PP	percentage point
SCA	Strong Customer Authentication
SPA	State Pension Age
ST	Short-Term (as in Short-Term Instalment Loan)
vs.	versus
SVR	Standard variable rate
T&Cs	Terms and conditions
UFPLS	Uncrystallised funds pension lump sum
UK	United Kingdom
unp	Unprompted response

Glossary

This glossary is of terms used in this report including some survey questionnaire definitions. Where we refer to survey definitions, they are from the Financial Lives 2022 survey, except where otherwise stated.

Term	Definition
Accumulation	The process of building pension savings before retirement. When reporting the Financial Lives survey, DC pensions that have been partially accessed (for example, via UFPLS) are not considered to be in accumulation
Active account	Defined for survey respondents as: 'An active current account has had at least one payment or transfer in or out of it in the last 12 months (including standing orders and Direct Debits, but excluding charges and interest on the account)'
Active member	Adult currently contributing to a DC pension (or an employer is contributing to it on their behalf)
Adult	Aged 18 years or over
Agree	Those answering 'strongly agree' or 'slightly agree'
Authorised Push Payment	Defined for survey respondents as: 'This is where you are deceived into transferring funds to someone other than the person you intended to pay, eg when a fraudster poses as your bank and requests a transfer of funds to an account they control, or you paid somebody for what you believed were legitimate purposes but they turned out to be fraudulent, eg when a fraudster convinces you to invest in a fake investment scheme'
Auto-enrolment	Automatic enrolment makes it compulsory for employers to offer, enrol and make minimum contributions to a workplace pension for all eligible employees
Automated advice service	Defined for survey respondents as: 'Advice available online, app-based through a smartphone or as downloadable software. This is personalised advice which usually incurs a charge, where you input information about yourself and your objectives and this information is used to generate suitable recommendations in relation to your financial affairs. It does not include simple online tools, apps and calculators'
Bank	A bank is a financial institution licensed to receive deposits and make loans. For analysis in this report, banks have been allocated to one of four types: high street bank, challenger bank, digital bank and other bank
Basic bank account	Defined for survey respondents as: 'A basic bank account is a free simple account that does not have an overdraft facility, so you can only spend money you actually have in the account. They are designed for people who do not have a bank account and would not qualify for a standard current account, perhaps because they have a poor credit rating. Banks can reject applicants who are considered to be a criminal risk'
Black	Shorthand for Black and Black British

Term	Definition
Borrow on a credit card	Revolve a balance on a credit card
Cash savings	The amount held in savings accounts (savings accounts, NS&I bonds, credit union savings accounts, and cash ISAs) and any cash held in current accounts or Post Office card accounts that people consider to be savings. Respondents were asked, if they hold any savings jointly, to only include the amount they consider to be theirs
Characteristics of vulnerability	Circumstances associated with four key drivers of vulnerability that may indicate a consumer is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care. See Appendix B
Contactless payment	Defined for survey respondents as: 'This is where you can pay for items with your card or mobile device by tapping it against the card reader, without having to enter your PIN'
Contracts for Difference	Defined for survey respondents as: 'CFDs, such as spread bets and rolling spot foreign exchange products, are complex financial instruments offered by investment firms, often through online platforms. They can be used to speculate on the rise and fall in price of a wide range of assets'
Confirmation of Payee	Defined for survey respondents as: 'An account name checking service that helps to make sure payments aren't sent to the wrong bank or building society account'
Consumer credit regulated agreement	Hold any type of credit or loan, but excluding adults only holding non-FCA regulated credit (ie student loans, deferred payment credit, loans from friends or family), or employer salary advance schemes, or loans from informal/unlicensed (ie illegal) moneylenders
Credit or loan	Hold any type of credit or loan, regardless of whether it is FCA-regulated or not
Cryptocurrencies or cryptoassets	Defined for survey respondents as: 'Primarily designed to be used as a means of exchange and not usually issued by a central entity, in most cases they utilise a network of computers on the internet (known as blockchain) using cryptography to secure transactions.' We use the term 'cryptocurrency' in the questionnaire as this is a widely used and understood term among consumers. However, we usually use the term 'cryptoasset' in this report to refer to the same thing, as this is the term used by the FCA
Current account	Account, held either in own name or in joint names, on which money may be withdrawn without notice. Respondents were asked to include current accounts held with a bank, building society, or credit union, or current accounts held with an e-money account institution. They were also asked to exclude current accounts used solely for business purposes, credit union savings accounts or Post Office card accounts
Current account with an e-money account institution	Defined for survey respondents as: 'A current account provided by any of the following: Amaiz, Bilderlings, Contis, Countingup, Dozens, Engage, epayments, getcoconut, ipagoo, Lycamoney, Mettle, Monese, Nimbl, Paystreet, Pockit, Revolut, Soldo, squirrel, Think money, Tide, Tuxedo'

Term	Definition
Day-to-day account	The account people use for day-to-day payments and transactions. For most people, this is a current account. For others, it can be a savings account (with a bank, building society or NS&I), a credit union savings account, an alternative e-money account or a Post Office card account
Decumulation	Pension decumulation is the process of converting pension savings into retirement income. Adults may access a DC pension by buying an annuity, entering into income drawdown or UFPLS, or taking cash from it
Deferred payment credit	Often referred to as 'Buy Now, Pay Later' but is currently unregulated by the FCA. Defined for survey respondents as: 'Buying goods using a 'Buy Now, Pay Later' payment service. This is a payment service where you defer payment for a short period of time (usually 30 days) or payments are split over a few instalments (typically between three and six). You may have seen this option offered when shopping online at the checkout page, and being offered by firms such as Klarna or Clearpay.' In the questionnaire, if a respondent said they had used this type of payment service in the last 12 months, they were asked to name the providers they had used in this period. Only those using providers not regulated by the FCA were included in our deferred payment credit statistics
Defined benefit (DB) pension scheme	A type of workplace pension that promises to pay the member an income in retirement. The income is calculated using a formula based on their salary and how long they have worked for their employer. Also known as a 'final salary' or 'career average' pension
Defined contribution (DC) pension scheme	A type of pension where the value of the pension is determined by the amount paid in by the individual (or their employer) and any investment returns. The value of the pension can go up or down depending on investment performance. These pensions may be set up by an individual or by an employer. When respondents have an employer-arranged private pension, the Financial Lives survey prompts them with a description of a defined benefit and a defined contribution pension. If they do not recognise these descriptions, we assume they have a defined contribution pension
Digital bank	For analysis purposes, the following banks have been allocated into this grouping: Atom, Cashplus, Monzo and Starling
Direct bank transfer	Direct Debit, BACS, standing order, CHAPS or a one-off bank transfer
Direct Debit	An instruction to a bank or building society that authorises the organisation you want to pay to collect varying amounts from your account – but only if you have been given advance notice of the amounts and dates of collection

Term	Definition
Disability	This term is only used in this report when reporting on adults who are disabled according to the Government's harmonised standard questions for capturing disability in surveys. According to the harmonised standard approach, people are considered disabled if they have a long-lasting physical or mental health condition or illness that restricts their ability to carry out day-to-day activities to any degree. It differs from the FLS measure of those in poor health
Disagree	Those answering 'strongly disagree' or 'slightly disagree'
Drivers of vulnerability	The FCA's four key drivers of vulnerability are: poor health, life negative events, low resilience and low capability. See Appendix B
Employer salary advance schemes	Defined for survey respondents as: 'An employer salary advance scheme (ESAS) lets you, as an employee, get access to some of your earned pay before your regular payday. There is usually a fee for this'
General insurance (any)	Have one or more general insurance policies in own name or in joint names. Appendix A shows what products are included under 'any general insurance'
Gig economy	Defined for survey respondents as: 'In the last 12 months, using any of the following websites or apps to earn an income: provided food delivery services (eg via Deliveroo, UberEATS); provided transport in their own vehicle (eg via Uber, Hailo); provided courier services (eg via CitySprint, AnyVan), or performed short-term jobs found via websites or apps (eg via TaskRabbit, Upwork, PeoplePerHour, Fiverr)'
Help to Buy ISA	Government scheme to help first time buyers purchase their first home. Help to Buy ISAs were launched in 2015 and closed to new applications in November 2019. However, those who opened one before then can continue to save into it until 2029
Heavy user of cash	Adult who paid for everything or most things in cash in the previous 12 months
High	The description of something when respondents score it 9-10 out of 10. For example: confidence in managing money, knowledge of financial matters, satisfaction with financial circumstances, and trust and satisfaction with providers
High-cost credit/loan	Revolve a balance on a catalogue credit or shopping account, bought products with rent-to-own finance in the last 12 months, or have one or more of the following loan products now or in the last 12 months: pawnbroking loan, home-collected loan, payday loan (single payment), short-term instalment loan, or logbook loan. This grouping of products is used for reporting purposes. These products were not described to respondents as high-cost credit
High street bank	High street banks include: Bank of Scotland, Barclays, Halifax, HSBC, Lloyds Bank, Nationwide Building Society, NatWest, Royal Bank of Scotland, Santander and Ulster Bank
Household	Defined for survey respondents as: 'The group of people (not necessarily related) living at the same address who share cooking facilities and also share a living room or sitting room or dining area'

Term	Definition
Household income	Defined for survey respondents as: 'Total annual household income from all sources (including benefits) before tax and other deductions'
Illegal moneylender	Described to respondents as an unlicensed moneylender or another informal lender: this is a where someone lends money on a commercial basis, but without being authorised by the Financial Conduct Authority
In financial difficulty	Description used for adults when they have fallen behind on, or missed, any payments for domestic bills or credit commitments or in any three or more of the last six months
Income drawdown	Adults who have decumulated a DC pension by taking some money out of the pension and leaving the remainder invested. Defined for survey respondents as: 'You take one or more cash lump sums or a regular income from a pension, but the remainder is still invested with a pension provider. This is sometimes known as income drawdown, flexi-access drawdown or Uncrystallised Funds Pension Lump Sum (UFPLS)'
Indices of Multiple Deprivation (IMD)	An official measure of relative deprivation which ranks every small area (technically referred to as Lower Super Output Areas) from least deprived to most deprived. We use a combined measure based on indices of multiple deprivation for England, Northern Ireland, Scotland and Wales
Individual Voluntary Arrangement (IVA)	An IVA is a formal debt solution to pay back debts over a period of time
International money transfer	Examples given to survey respondents are: 'Moneycorp, MoneyGram, Revolut, Wise (formerly Transferwise), Travelex, Western Union, or WorldFirst'
International Territorial Levels (ITLs)	A classification framework for referencing regional areas of the UK for statistical purposes. It replaced the Eurostat geographical classification, the Nomenclature des Unités territoriales statistiques (NUTS), and has been established as a mirror to the previous NUTS system used by the UK. The three ITLs are as follows: • ITL 1: 12 regions or nations (eg the North West, Scotland) • ITL 2: 41 large counties and groups of smaller counties in England, and approximately similar areas in the other UK countries (eg Greater Manchester, Eastern Scotland) • ITL 3: 179 small counties, cities or unitary authorities (eg Greater Manchester South East, City of Edinburgh)
Investible assets	The total value of money held in cash savings plus the total current market value of any investments. Respondents who hold any savings or investments jointly were asked to only include the amount they consider to be theirs. Investible assets do not include real investments (such as property investments, wine, art, jewellery or collectibles) or DC pension assets
Investments	Have at least one FCA-regulated investment. Appendix A shows what products are included in 'any investments'

Term	Definition
Learning difficulties	Adults who say they definitely have dyslexia, dyscalculia or dyspraxia. A characteristic of vulnerability, under the Low Capability driver in the updated vulnerability algorithm. See Appendix B
Least and most deprived areas of England	The Indices of Multiple Deprivation ranks every small area in England, Northern Ireland, Wales and Scotland from most deprived to least deprived. Areas can then be cut by decile by country to identify whether an area falls into the most or least deprived 10 per cent of small areas in that country. Decile 1 areas are the most deprived areas from each country, and decile 10 areas are the least deprived areas from each country
LGBT+	Those who describe their sexual orientation as homosexual, gay, lesbian, bi, ace/asexual, or another term that was not heterosexual/straight; or said that their gender identity is different to the sex they were registered with at birth
Lifetime ISA (LISA)	Launched in 2017, it lets people save up to £4,000 per year until they are 50. New applicants must be aged 18 to 39 and can use a LISA to save for a first home or for later life
Lifetime mortgage	Defined for survey respondents as: 'Also known as equity release. This is a long-term loan secured on your property. The usual arrangement is that the loan is not typically repaid until death or moving into care. Do not include a home reversion plan.' Only asked to respondents aged 55+
Loadable pre-paid card	Examples given to survey respondents are: 'Post Office travel card, cashplus, Monese, Pockit, thinkmoney, Tuxedo or Ukash.' Respondents are asked not to include gift cards from retailers
Low	The description of something when respondents score it 0-6 out of 10. For example: confidence in managing money, knowledge of financial matters, satisfaction with financial circumstances, and trust and satisfaction with providers. Also see 'particularly low' and 'very low'
Low capability (in the context of vulnerability)	Capability is one of the four key drivers of vulnerability. Adults are described as having low capability if they view their own financial capability as particularly low or have poor or non-existent digital skills (the 'digitally excluded'). In the 2022 survey, we also include those with low English language skills or learning difficulties (dyslexia, dyscalculia or dyspraxia). See Appendix B for more detail on how low capability is defined
Low financial capability (in the context of vulnerability)	Adults who rate their confidence of managing money as very low, rate their knowledge of financial matters as very low or strongly disagree that they are a confident and savvy consumer of financial services. See Appendix B for more detail on how low financial capability is defined
Low financial resilience (in the context of vulnerability)	Resilience is one of the four key drivers of vulnerability. Our algorithm captures low financial resilience. Adults are described as having low financial resilience if they are in financial difficulty because they are missing domestic bills or credit commitments, or because they could quickly find themselves in difficulty as they are heavily burdened by their existing commitments or have very limited savings. See Appendix B for more detail on how low financial resilience is defined

Term	Definition
Low-income households/ householders	Adults with an annual household income from all sources (including benefits) before tax and other deductions of less than £15,000
Main current account provider	For adults with one current account, this is their current account provider. For those who have more than one current account, this is the account into which their primary income is paid and/or from which Direct Debits and other payments are paid. They may also use it for regular cash withdrawals
Mini bonds	Defined for survey respondents as: 'Mini bonds (also known as retail bonds or high interest returning bonds) are where you pay a company money in exchange for a fixed rate of interest over a set period. They are usually issued by small companies, start-ups and companies that are not listed on an exchange, such as the London Stock Exchange.' Respondents were told not to include loans made through a peer-to-peer or crowdfunding platform
Minority ethnic groups	UK adults from a Gypsy or Irish traveller, Roma, mixed/multiple, Asian/ Asian British, Black/African/Caribbean/Black British or other ethnic background. This terminology is used in the UK Census
Mixed/multiple ethnicity	UK adults from a White and Black Caribbean, White and Black African, White and Asian, and any other mixed/multiple background. This terminology is used in the UK Census
Mobile or digital wallet app	Defined for survey respondents as: 'This is an app that stores payment card information on a mobile device, eg AndroidPay, ApplePay, Google Pay, SamsungPay or PayPal digital wallet. A mobile or digital wallet may also be provided by your bank, building society or e-money account institution'
Moderate	The description of something when respondents score it 7-8 out of 10. For example: confidence in managing money, knowledge of financial matters, satisfaction with financial circumstances, and trust and satisfaction with providers
Mortgage debt	Amount left to pay on a residential or lifetime mortgage (first- charge) on the property people currently live in
Motor finance	Defined for survey respondents as: 'This is where you take out finance to acquire a motor vehicle, eg hire purchase (HP), personal contract purchase (PCP), or conditional sale. It does not include where you hire a vehicle for a short period or under a personal contract hire (PCH) plan'. It does not include hiring or leasing with no option to buy, or personal loans or other forms of credit used to buy outright
Negative life event (in the context of vulnerability)	Life events are one of the four key drivers of vulnerability. Negative life events included in our algorithm are events that have occurred in the last 12 months, and include bereavement, an income shock (eg losing their job or a reduction in working hours against their wishes), a relationship breakdown, or becoming the main carer for a close family member. In the 2022 survey, we also include those who have experienced financial abuse by their partner or a family member in the previous five years. See Appendix B for more detail on how 'negative life events' is defined

Term	Definition
New young investor	18-34 year olds who started investing in the last two years
Non-internet user	Adults who have never used the internet before – at home, at work or elsewhere, on any device, on behalf of themselves, other members of their family or for friends
Not low financial resilience	All adults who have not been classified as having low financial resilience. This will include some people for whom we could not establish definitively that they do not have low financial resilience (eg answered 'don't know' or 'prefer not to say' to key input questions)
Open Banking	Open Banking was introduced in January 2018 to increase innovation and choice in financial services. Consumers can choose to give banks and other regulated companies, such as apps and websites, secure access to their banking information. Open Banking opens the way to new digital products and services that could give consumers a more detailed understanding of their money or tools to help them budget and find the best deals
'Other' employment status	Includes those who are temporarily sick with no job to go to, those who are permanently sick or disabled, students, those looking after the home, and full-time carers
'Other' ethnicity	Any ethnic group other than Asian/Asian British, Black/Black British, mixed/multiple ethnic groups, or White
'Other' housing tenure	Those who live rent-free (eg with parents, partner, relatives or friends property) or occupy the property they currently live in in some other way
Over-indebted, over-indebtedness	Terms adopted from the Money and Pensions Service (MaPS) to describe having one or both of the following characteristics: • Keeping up with domestic bills and credit commitments is a heavy burden • Have fallen behind on, or missed, any payments for credit commitments or domestic bills in any three or more of the last six months. The three months do not need to be consecutive months See Appendix B for more detail on how over-indebtedness is defined
Partial encashment	Taking some cash out of your pension and leaving the remainder invested, either via income drawdown or UFPLS
Particularly low	The description of something when respondents score it 0-3 out of 10. For example: confidence in managing money, or knowledge of financial matters. Also see 'low' and 'very low'

Term	Definition
Pension engagement	FLS includes several questions related to consumer understanding of and engagement with their DC pension, such as awareness of their pension pot value, understanding their contribution levels, understanding that their pension is invested and what it is invested in, and understanding of fees and charges. We use these questions to assign a score out of nine to each respondent (one point for each positive indicator). This allows us to segment the DC pension population into four engagement groups: • Very low engagement (0-2 out of 9) • Low engagement (3-4 out of 9) • Moderate engagement (5-6 out of 9) • High engagement (7-9 out of 9) These groups are, of course, subjective, but they are a useful way to summarise overall levels of engagement and to look at demographic groups that are more or less engaged
Pension freedoms/ pension freedom and choice	In April 2015, the tax rules were changed to give people greater access to their pensions. Consequently, individuals now have much greater flexibility in how and when they access their defined contribution savings regardless of pot size. Pension savers can now choose to withdraw their entire pension pot as cash, either in one go or in smaller sums over time; draw an adjustable income from their pension; purchase an annuity to deliver a guaranteed income, or choose to leave their pension untouched
Personal income	Defined for survey respondents as: 'Total annual personal income from all sources (including benefits) before tax and other deductions'
Payment Initiation Service (PIS)	Defined for survey respondents as: 'A new type of payment service, that is now widely used by online retailers. Examples include: 'Amex Pay with Bank transfer', Mastercard's 'Pay by Bank' app, NuaPay or Trilo. Essentially, it works by letting customers make a direct payment from their bank account, without having to put in their account details. Rather, a third party initiates the transfer directly from your bank account to the retailer.'
Poor health (in the context of vulnerability)	Health is one of the four key drivers of vulnerability. Respondents are considered to have poor health, if they have a condition or illness lasting or expected to last for 12 months or more, that their illness/condition affects them physically or affects their hearing, vision, mental health (including addiction), mental capacity or cognitive abilities, and that it reduces their ability to carry out day-to-day activities 'a lot'. In the 2022 survey, we added a question about cancer, multiple sclerosis, and HIV infection. People with these progressive conditions automatically meet the disability definition under the Equality Act 2010 from the day they are diagnosed, even if their condition does not currently have a substantial negative impact on their ability to carry out day-to-day activities. See Appendix B for more detail on how poor health is defined
Post Office card account	A type of day-to-day account that allowed people to receive their State pension, Universal Credit or other benefits. Post Office card accounts have now all closed. DWP has not made any payments into these accounts since May 2022

Term	Definition
Private pension	A DB pension arranged through an employer, or a DC pension arranged by individuals themselves (or an adviser for them) or through an employer
Private pension provision	All adults who have a pension in accumulation (ie a pension they have not yet accessed) and/or in decumulation (ie they are receiving an income from a pension or have taken a cash lump sum from any pension they have or have had in the past). Those without private pension provision may only have a pension from the State
Protection (any)	Have one or more protection policies in own name or in joint names. Appendix A shows what products are included in 'any protection'
Real investment	Property investments (eg buy-to-let, second home), or other real investments such wine, art, jewellery or collectibles
Regulated financial advice	Defined for survey respondents as: 'Advice that is paid for, or would be paid for if you took out a product, from one of the following advisers: • An adviser from a financial advice firm, eg an IFA (Independent Financial Adviser) • An adviser from a bank or building society • An adviser from an insurance company, investment company or pension provider • Automated advice available online, as an app or as downloadable software. This is personalised advice which usually incurs a charge, where you input information about yourself and your objectives and this information is used to generate suitable recommendations in relation to your financial affairs. It does not include simple online tools, apps and calculators' Only includes advice related to investments, saving into a pension or retirement planning. Does not include advice related to mortgages, equity release or protection insurance
Retail finance	Retail finance includes store cards, catalogue credit or shopping accounts, retail hire purchase, rent-to-own and retail instalment credit
Revolve, revolving	Hold a credit card, store card and/or catalogue credit now or in the last 12 months but do not usually repay, or don't know if usually repay, the balance in full every month or most months
Savings account	Include savings accounts with a bank, building society, or with NS&I, cash ISAs, NS&I bonds, Help to Buy ISAs, credit union savings accounts, and Lifetime ISAs
Shared ownership	Defined for survey respondents as: 'Paying part rent and part mortgage (shared ownership)'
Single adult	Those adults who are not married, in a civil partnership or otherwise living as a couple
Sex	Survey respondents are asked to state their sex, with the options of Male, Female, or prefer not to say. Elsewhere in the survey we ask respondents if the gender they identify with is the same as their sex registered at birth.

Term	Definition
Stablecoin	Cryptocurrency that attempts to have a relatively stable price by linking to stable assets like the US Dollar or gold
Standard variable rate (SVR)	Defined for survey respondents as: '[This is a variable rate mortgage] where your lender can change your interest rate'
State pension	The State pension is a regular income paid by the UK Government to people who have reached State Pension Age (SPA). For people reaching the SPA before the 6 April 2016, there are two parts to the State pension – the Basic State pension and the additional State pension (also called SERPS/State Second Pension). For people reaching the SPA on or after 6 April 2016 the two-tier system has been replaced by a single-tier system
Strong Customer Authentication (SCA)	Defined for survey respondents as: 'The process of confirming details like this [ie confirming your details through a text message, email or through an app on a mobile device] is called Strong Customer Authentication. This is how your bank or payment services provider verifies your identity or validates a payment. It is designed to reduce the risk of a fraudster pretending to be you to steal your money'
Student loan	Defined for survey respondents as: 'Loans from the Student Loans Company, or its equivalents in Scotland, Wales and Northern Ireland.' Respondents are asked not to include student finance from commercial providers. In the Financial Lives 2017 survey, respondents were not provided with a reference to the equivalents of the Student Loans Company
Unbanked	Do not have a current account with a bank, building society, credit union or e-money account institution
Unbanked+	Have no day-to-day account at all
Uncrystallised Funds Pension Lump Sum (UFPLS)	A way of taking a cash lump sum or sums from a pension without purchasing an annuity or going into income drawdown (ie crystallising the pension). Normally, 25% of each withdrawal is received tax-free, with the remainder added to the individual's taxable income and taxed accordingly
Unsecured debt	The total amount of money currently owed on: • Credit and store cards: the outstanding balance not repaid in the previous month for adults who revolve a balance. Respondents are asked to only include cards where they are the main cardholder • Overdrafts: the amount currently overdrawn. Respondents who hold an overdraft on a joint account are asked only to include the overdraft amount they consider to be theirs or, if in doubt, to include 50% of the total • Loans: the amount currently owed on student loans, motor finance, retail credit (ie retail hire purchase, rent-to-own, or instalment credit) and personal loans. Respondents who hold any of these jointly are asked only to include the amount they consider to be theirs or, if in doubt, to include 50% of the total

Term	Definition
Very low	See 'particularly low'
Vulnerable consumers	Someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care. See Appendix B
Working/in work	This is the collective term used for adults that are employed, self-employed, or semi-retired

The team and authors

The Financial Lives team is part of the FCA's Market Research team, managed by Gareth Thomas, within the Cross-Cutting Response, Partnerships and Research Department, in the FCA's Cross-Cutting Policy and Strategy Directorate.

Margaret Watmough leads the Financial Lives project; she designed and co-authored this report. Ed Ripley is the report's lead author. All the team contributed to this report or to the associated publications described in Chapter 1 (Introduction).

Tim Burrell: An FCA Senior Associate, Tim has worked on a wide range of financial services market research projects. He has specialised in investments and retail banking research and was also part of the team that delivered the Financial Lives 2017 and 2020 surveys. Prior to joining the FSA in 2008, he worked at the Office for National Statistics on large-scale government surveys.

Dr Ian Clark: An FCA Senior Associate, Ian joined the FCA in 2023. He has over 10 years' experience in quantitative and qualitative research design, analysis, and interpretation. Before joining the FCA Ian worked in academia, developing and implementing large-scale surveys about human behaviour.

Rob Cross: An FCA Lead Associate, Robert joined the FCA in 2019. As the team's retail lending research lead, he has worked on a range of financial services consumer research projects, including research into the experiences of vulnerable consumers, on borrowers in financial distress, and on access to high-cost credit. Prior to that, Robert was a research manager at a legal services regulator and worked on wide range of market research projects, including identifying the legal needs of individual and small business consumers and measuring changes in the level of innovation in the legal services market.

Martyna Elliot-Cooke: An FCA Senior Associate, Martyna has worked in research for over 10 years. She has designed and managed complex, mix-method studies, primarily in the financial services, energy, not-for-profit and public sectors. Her expertise lies in understanding consumer behaviour and decision-making, strategy development and communications evaluation. Since joining the FCA in 2022, she has become a core member of the team delivering the Financial Lives survey.

James Hopkins: A Director at Critical Research, James has nearly 30 years' experience in agency-side financial research fieldwork, data and analysis. He works with financial services companies, intermediaries, NGOs, regulators and consumer bodies. James has authored several academic papers. He has presented at market research events including leading a steering group committee at the House of Commons with the Money and Pensions Service.

Anya Martin: An FCA Senior Associate, Anya joined the FCA in 2022 and works on quantitative analysis across a range of financial services research projects. Prior to this, she was a research manager in the charity sector, leading on a large-scale data project to measure the financials of voluntary sector organisations, and in the affordable housing sector where she specialised in housing affordability and social security.

Catrin Nichols: An FCA Senior Associate, Catrin is a mixed methods researcher and project manager. She joined the FCA in early 2023. Her previous roles were in market research agencies, where Catrin mostly worked with government and public sector clients. She has experience of conducting research about financial services with consumers and SMEs, including several projects for the Payment Systems Regulator.

Edward Ripley: A Director at Ignition House since 2008, Edward has 20 years' experience working in the market research and advisory industry, previously as Director for Corporate Strategy and New Business Development at the Corporate Executive Board and as Lead Analyst for the Retail Banking team at Datamonitor. Ed has worked extensively with the FCA as a consultant to the Financial Lives survey team over the past six years, helping to design questionnaires and producing analysis and reporting for internal use and external publication.

Val Semenova: An FCA Senior Associate, Val is a data analyst and a quantitative researcher with a proven history of working in the financial services sector. Prior to joining the FCA, Val worked at a strategic management consultancy firm where she specialised in high-net-worth market research. She worked on the Financial Lives survey for three years until 2022.

Gareth Thomas: A Senior Manager, Gareth's experience at the FCA encompasses managing the initial new Consumer Duty consultation, overseeing a range of market studies as a Head of Department in the Competition division, and leading the FCA's wholesale markets sector views. Through this he has developed a deep understanding of the financial sector, how consumers use financial products and the issues that may arise for consumers in their dealings with financial service companies. Previously he worked as an investment analyst and, before that, as a lawyer.

Dr Margaret Watmough: Margaret, a Technical Specialist at the FCA since 2008, has managed several major research programmes, including the evaluation of the pathfinder to form the organisation that is now the Money and Pensions Service, and the market sizing and business model research that underpinned the FCA's target operating model when consumer credit firms transferred from the OFT to the FCA. She initiated the Financial Lives survey, and with the team has developed it over the last seven years. Margaret was previously a Research Director at a market research consultancy firm, and before that was in academia.

Janette Weir: Ignition House's Managing Director, Janette has more than 30 years' experience in the financial services sector and brings a broad range of research and consultancy skills and experience from her previous roles as Chief Economist of the ABI, Economist at the DWP, and Head of UK Financial Services Research at McKinsey and Company. Janette is an expert in asset management, pensions and retirement saving. Her influential work spans behavioural research into pension engagement and retirement journeys through to more technical research, guiding providers and public policymakers to deliver better outcomes for pension scheme members.

Vicky Whiting: Vicky joined the Financial Lives project as an FCA Senior Associate in 2021, following a role as Financial Services research director at Harris Interactive. Vicky is a quantitative research specialist with 20 years' experience in the financial services industry. Her career background includes insight roles at The Pensions Regulator and the Money and Pensions Service.

Tong Yu: An FCA Senior Associate, Tong joined the FCA in 2022 and works on the Financial Lives project. While working at the FCA, he is also a Finance PhD candidate at Imperial College London, where he studies topics in Financial Intermediation, Financial Technology, and Household and Consumer Finance. He has postgraduate degrees from the London School of Economics and the University of Wisconsin-Madison.

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Our partner organisations

The National Centre for Social Research (NatCen) helped to finalise the design of the Financial Lives 2022 survey. They conducted the online and telephone surveys, managed sampling and delivered sophisticated weighting.

Critical Research produced the weighted data tables that are published alongside this report. They also conducted the Financial Lives cost of living (Jan 2023) recontact survey and conducted the recruitment for the qualitative research.

The Stats People worked closely with NatCen and Critical Research, advising on survey design and weighting.

Ignition House has worked closely with the FCA on questionnaire design and reporting. They also conducted the qualitative research used in this report.

The people we worked with

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