Women living with debt

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Consortium for the Regional Support for Women in Disadvantaged and Rural Areas

Women Living with Debt

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Executive Summary

This report examines the research on current levels of personal debt and the vulnerability of those on the lowest incomes to debt. The overall aim of this research project is to explore the experiences of women – living and working in disadvantaged and rural areas of Northern Ireland – on why they need to borrow, the types of credit they use, the impact of external factors such as the Covid pandemic, changes to social security policy and low pay as well as the personal impacts of living with debt.

The Covid pandemic has had a significant impact on the incomes of many people. Job losses and reductions in working hours due to lockdowns and restrictions have meant that many people have got into debt or further into debt as a result. The pandemic has worsened many existing inequalities including the situation for women and those on the lowest incomes.

The cost of living crisis which has followed the pandemic has seen soaring costs for the essentials especially food and energy bills. This is most concerning for the poorest households who spend a higher proportion of their incomes on these essentials. The cost of living crunch will add significant pressure on the already stretched budgets of low-income families increasing poverty and their vulnerability to debt.

High-cost credit products are sometimes used by those on the lowest incomes in order to access credit. Many of these borrowers have limited options to access cheaper forms of credit because of their low income. This forces them to use these high interest products to buy essential goods and larger purchases that they otherwise could not afford. Some of the most vulnerable borrowers are forced into using illegal lending or loan sharking because of a more urgent need for money. In Northern Ireland this type of lending is often linked to paramilitary groups bringing with it even greater levels of fear and secrecy.

Research shows that people living with problem debt are significantly more likely to experience mental health problems. Being in problem debt has therefore serious implications for the wellbeing and mental health of people. This not only places a heavy burden on the individual and their families but over the long term can result in increased pressure on other sectors such as the health service.

This research, conducted by the Women's Support Network, sought the views and experiences of women about debt and its impact on their lives through a series of focus group sessions, questionnaires and individual interviews. The results of this research clearly show that debt was a feature in the lives of many of the women. For the vast majority their debts were taken out to meet essential costs and ordinary household bills. With little or no savings many of the women struggled to pay for unexpected expenditure or to cover the costs of Christmas or birthdays and therefore had to borrow to meet these costs.

Women used a range of borrowing, much of it high-cost credit, as well as a significant amount of informal borrowing from family/friends. Their choice of lender was most often driven by the knowledge that they would be able to get the money and that it was convenient and easy to apply. Some of the women reported borrowing from illegal lenders mostly as a result of a more desperate need for money for essential expenditure. Repaying the high interest rates from high-cost lenders put significant pressure on women's budgets and often led to a cycle of debt that they found it hard to escape from.

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Most of the women were struggling to meet their debt repayments and some felt their debts had worsened due to the Covid pandemic. Increases in the cost of living were the issue most commonly reported as impacting on their debts and on their ability to make ends meet more generally.

The links between debt and mental health were very evident in discussions with the women. Most reported that their debts had negatively impacted on their mental health and wellbeing more generally. They also discussed how debt had impacted on their children and the guilt they felt about not being able to provide for them. Being in debt placed severe restrictions on women's ability to do anything except the basics. There were numerous reports of women going without food, heat and clothes to make sure their children had what they needed.

Discussions with women laid bare the fact that living on social security benefits or in low paid work simply does not provide sufficient income to afford the essentials and meet basic household bills. This was particularly evident for lone parent families. Those on Universal Credit faced hardship during the five-week wait and were forced into additional debt through Advance Payments with many struggling to afford to repay this loan. Repaying this and other Government debt from their social security benefits meant that many were living on very low amounts of money causing hardship.

Research combined with discussions with local women has helped to build a picture of a developing crisis for these women and their families. Rising prices for essentials, cuts to social security benefits, the impacts of a pandemic and issues with precarious and low-paid work means many struggle to survive on low incomes and are vulnerable to problem debt.

There is a need for a long-term, targeted approach to help those on social security benefits and in low-paid work cope with the cost of living crisis. There is a need for greater access to affordable credit for those on the lowest incomes so that they can avoid high-cost credit and problem debt especially for essential items. There is a need for continued access to ensure the provision of good quality, free debt advice to ensure those in problem debt get help to reduce the burden of this debt. There is also a need for action to ensure that people with mental health problems are provided with the help and support they need to deal with their debts especially in light of the impact of the pandemic.

Women living with debt were clear about what needed to change in order to help with their financial situation and debts. They stressed the need for increased incomes through social security benefits and in low-paid work so that they could afford to put food on the table, heat their homes and provide for their children and families with dignity.

1. Introduction

The **Women's Regional Consortium** consists of seven established women's sector organisations that are committed to working in partnership with each other, government, statutory organisations and women's organisations, centres and groups in disadvantaged and rural areas, to ensure that organisations working for women are given the best possible support in the work they do in tackling disadvantage and social exclusion.[1] The seven groups are as follows:

- ♀ Training for Women Network (TWN) – Project lead
- ♀ Women's Resource and Development Agency (WRDA)
- ♀ Women's Support Network (WSN)
- ♀ Northern Ireland's Rural Women's Network (NIRWN)
- ♀ Women's TEC
- ♀ Women's Centre Derry
- ♀ Foyle Women's Information Network (FWIN)

The Consortium is the established link and strategic partner between government and statutory agencies and women in disadvantaged and rural areas, including all groups, centres and organisations delivering essential frontline services, advice and support. The Consortium ascertains the views, needs and aspirations of women in disadvantaged and rural areas and takes these views forward to influence policy development and future government planning, which ultimately results in the empowerment of local women in disadvantaged and rurally isolated communities.

The **Consumer Council for Northern Ireland** commissioned the Women's Regional Consortium to produce this piece of research on women living with debt. The research is informed by women's views articulated through Consortium engagement events, questionnaires and individual interviews.
This research follows and updates previous research produced by the Consortium in February 2020[2] which found that the majority of the women in the research had needed to borrow money much of it for essential items and to make ends meet.

Methodology

The project employed a mixed methodological approach, combining a literature review with focus group, questionnaire engagement and individual interviews to capture the experiences and views of women living and working in areas of greatest need. Seven focus group sessions were held in November and December 2021 and in January 2022 with 62 women attending across Northern Ireland. In addition, a further 13 short individual interviews were carried out as the basis for case studies and more in-depth analysis of the issues. Questionnaires were completed by 57 women providing further information about the type of debt, reasons for borrowing and its impact on their lives.

1 The remaining paragraphs in this section represent the official description of the Consortium's work, as agreed and authored by its seven partner organisations.

2 Making Ends Meet: Women's Perspectives on Access to Lending, Women's Regional Consortium, February 2020 https://womensregionalconsortiumni.org.uk/wp-content/uploads/2021/04/Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf

Acknowledgements

The Women's Regional Consortium wishes to thank:

- The individual women who took part in this research for their personal contributions. Debt and money worries are often not easy issues to discuss and we want to sincerely thank them for sharing their experiences so honestly.
- The staff of the Women's Centres and our Consortium partners for their contribution and for helping to organise focus group sessions and facilitate contacts with individual women. It would be impossible to do this work without their time, effort and support.
- The Consumer Council for Northern Ireland for their support and funding to facilitate the research.

2. Key Findings and Case Studies

This section summarises the experiences and views of women who took part in focus groups and completed questionnaires on the extent and impact of debt on their lives.

Summary of Key Findings

- 56% of the women had debts over £1,000 with 35% reporting debts of £2,000+.
- The vast majority of the women's borrowing was for essential items. Women mostly borrowed for Christmas (39%), white goods (30%), household bills (30%), an inability to make ends meet (28%) and unexpected expenditure (23%).
- Many of the women had multiple debts with different types of lender. The use of high-cost credit (doorstep lending, credit/store cards, payday lending) was reported among 51% of the women. Worryingly, there were also examples of borrowing through loan sharks including paramilitaries (6%).
- A significant amount of borrowing from family/friends was also reported (32%) and this frequently involved smaller amounts of money to tide women over until they were paid or to help with purchases of furniture, school uniform, etc.
- 19% of the women had borrowed through Discretionary Support for essentials such as food, white goods/furniture. Many reported issues with the nature of the application process and restricted eligibility.
- The women's choice of lender was mostly based on the knowledge they could access the money from the lender (51%), ease of application (26%) and the ability to afford the repayments (26%). Only 2% of the women reported the total cost of credit was the reason for their choice of lender.
- 60% of the women reported having difficulty meeting their repayments and/or missing repayments.
- 35% of the women reported having to use a foodbank as a result of their debts and trying to make ends meet.
- 44% of the women reported they had got into debt/into worse debt as a result of Covid. 79% reported they had received no specific help with their debts related to the pandemic.
- 75% reported their debts had been impacted by changes to social security benefits or other issues. 60% of the women reported their debts had been impacted by rising energy prices and 60% also reported an impact of rising food prices. 26% of the women reported the Universal Credit cut had impacted on their debts. Job loss, reduced working hours and the end of furlough had impacted on the debts of 23% of the women.
- 72% of the women reported being negatively impacted by being in debt with most reporting issues around their mental health and wellbeing as well as a struggle to pay essential bills and provide for children. Many felt they had little chance of escape from their debt situation.
- 47% reported feeling that their children had been negatively impacted by their debts in terms of not being able to provide them with sufficient food, heat or clothes or that their children missed out on activities, clubs and the ability to learn new skills.
- Many of the women felt there was still considerable shame/stigma around being in debt but that Covid had perhaps made it easier to talk about it as it was seen to be more acceptable to be in debt in these circumstances.
- Living on benefits or in low-paid work often does not provide enough income to afford the essentials and meet household bills without having to resort to debt.

- Issues with Universal Credit particularly the five-week wait and the repayment of Advance Payments causes financial hardship which impacted on the women's ability to meet their necessary household expenditure and encouraged debt. Many women felt the loss of the £20/week uplift to Universal Credit acutely.
- Increases in the cost of living especially for food and energy bills are putting increasing pressure on women's budgets and leaving them more vulnerable to debt as they struggle to make ends meet.
- School costs including school uniforms, lunches, stationery costs and afterschool activities put a great strain on women's budgets.
- Women often went without to make sure their children were provided for. This included going without meals, clothes and heat.
- Migrant women often relied more on family to access borrowing.
- The stigma around debt was worse for women in rural areas. Borrowing through the Credit Union was more commonly reported by rural women as it was seen as a more acceptable form of borrowing.

2.1 Reported effects – Questionnaires

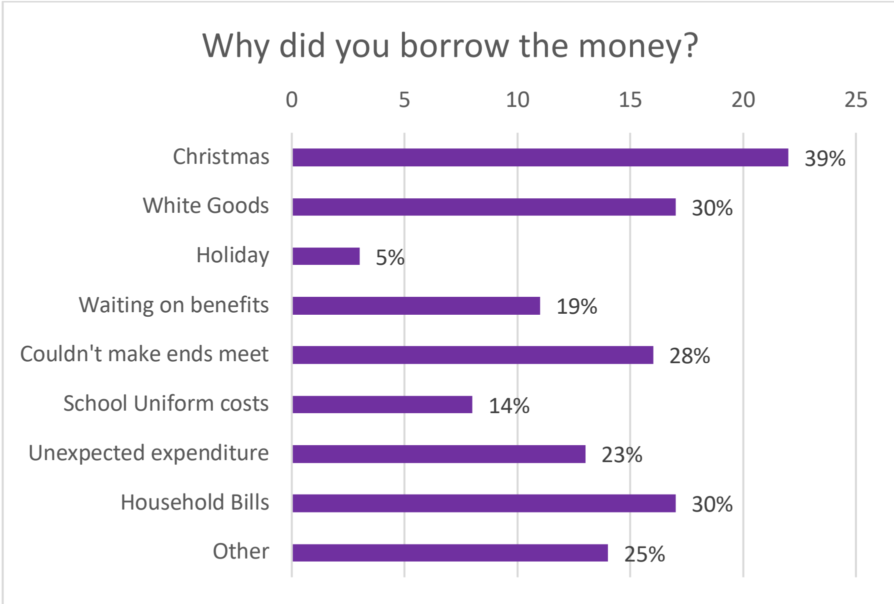
A total of 57 women completed questionnaires on their personal debt and on the impact of being in debt. The results from the questionnaires are presented below.

Question 1 – How much debt do you have?

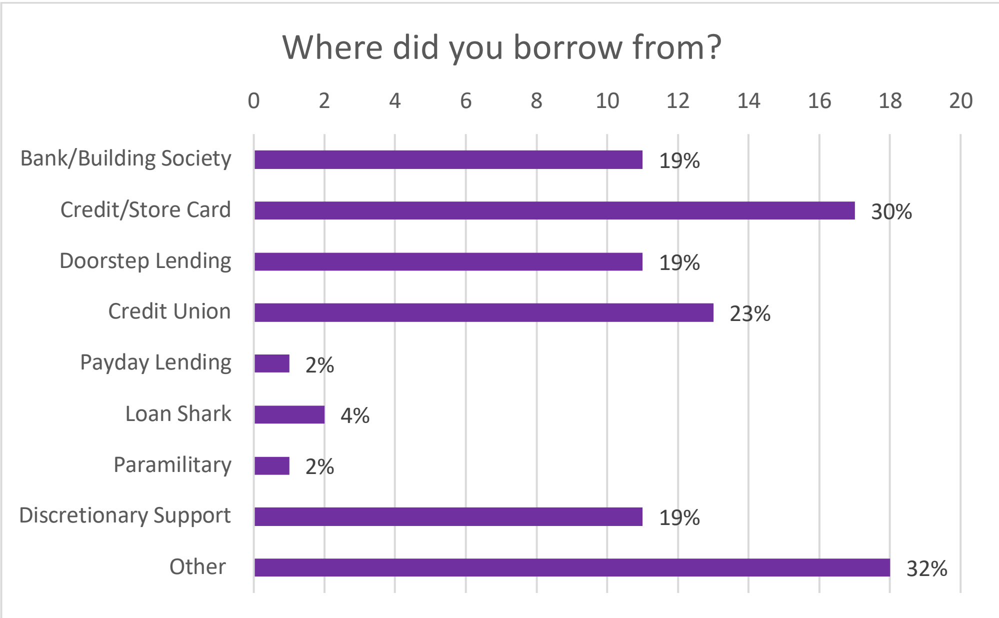
More than half of the women had debts of over £1,000 (56%) with 35% reporting debts of over £2,000. Only 27% reported having debts of £500 or less.

Question 2 – Why did you borrow the money?

The largest number of women reported borrowing money for Christmas (39%). This was followed by borrowing for white goods such as fridges, washing machines, etc. (30%) and borrowing to meet household bills including utility bills (30%). An inability to make ends meet was reported as the cause of 28% of the borrowing and 23% reported unexpected expenditure. A number of 'other' reasons were given for borrowing including relationship breakdown, maternity, university costs, decorating, etc.

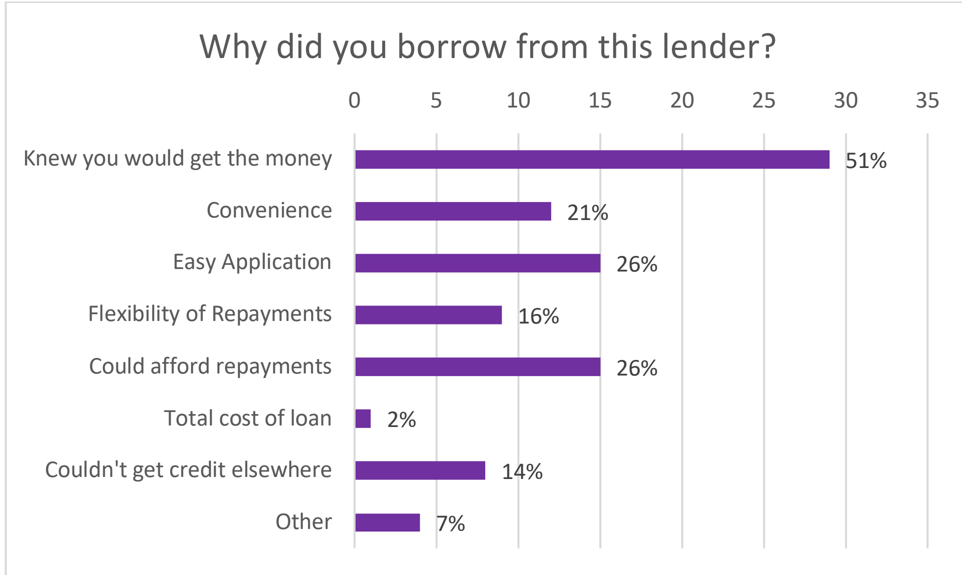


Question 3 – Where did you borrow from?
The largest source of borrowing at 32% was in the 'Other' category which when analysed was borrowing from friends/family. This was closely followed at 30% by borrowing through credit/store cards. The Credit Union was used by 23% of the women and borrowing through the Bank/Building Society, Discretionary Support and Doorstep Lending were each used by 19% of the women. Smaller numbers (8%) had borrowed through Payday lending, loan sharks and paramilitaries.



Question 4 – Why did you borrow from this lender?
The majority of the women (51%) chose the lender they borrowed from because they knew they would be able to get the money they needed. Equal numbers of women (26% each) gave the reasons 'ease of application' and the 'ability to afford repayments' as the reason for their choice of lender. Convenience

was given as a reason by 21% with 16% stating flexibility of repayments and 14% saying they couldn't get credit elsewhere. It is significant that only 2% of the women reported the total cost of the loan as the reason for borrowing from the lender.



Question 5 - Are you having difficulty meeting your repayments and/or have you missed any repayments?
A significant amount of women reported having difficulty meeting their repayments and/or missing repayments (60%). A smaller proportion (37%) reported having no difficulty and almost 4% stated 'other' and this section included actions such as having to keep moving balances between credit cards.

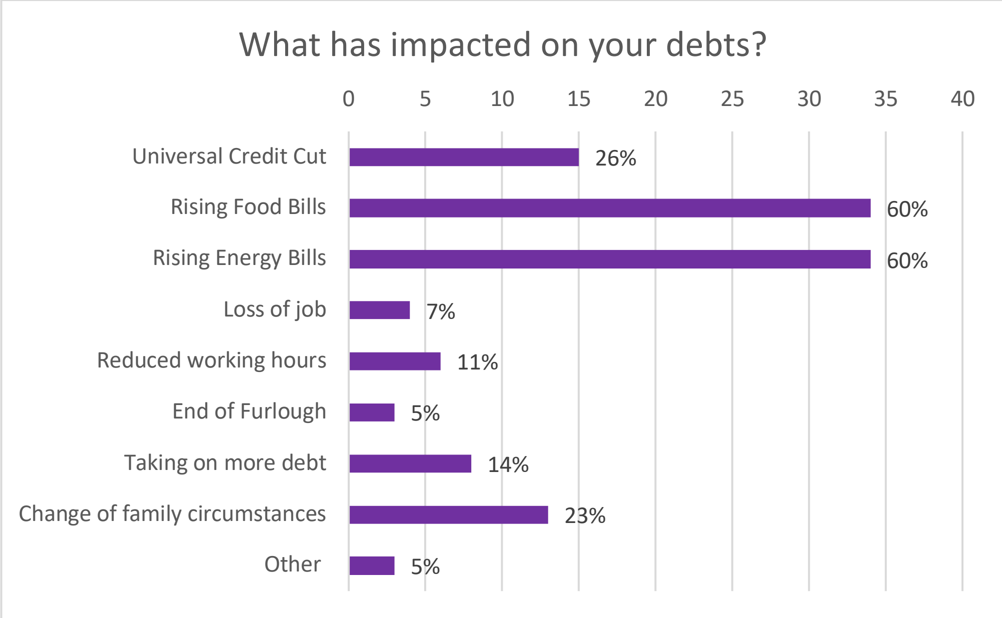
Question 6 - Have you had to use a foodbank as a result of your debts and trying to make ends meet?
Just over one third of the women (35%) reported having to use a foodbank as a result of their debts and trying to make ends meet. A further 2% reported having received food parcels delivered by a community group. The remainder (63%) had not used a foodbank.

Question 7 - Did you get into debt/worse in debt as a result of Covid pandemic?
Just under half of women (44%) reported that they had got into debt or their debts had worsened as a result of the Covid pandemic with 56% reporting no impact on debt levels as a result of the pandemic.

Question 8 - Were you able to get any specific help with your debts as a result of the Covid pandemic?
The majority of the women reported that they had received no specific help with their debts as a result of the pandemic (79%). Of the 21% who reported they had received some help this took the form of mortgage/credit card holidays, the Covid Isolation Grant and the Universal Credit uplift.

Question 9 - Have your debts been impacted by changes to benefits or other issues such as cost of living increases?
Three quarters of the women (75%) reported that their debts had been impacted by changes to benefits or other issues. When questioned about what impacted on their debts the majority of the women reported that their debts had been impacted by rising energy bills (60%) and rising food bills (60%). The Universal Credit cut has impacted on the debts of 26% of the women and a change in circumstances (such as a relationship breakdown or birth of a new baby) had impacted on the debts of 23% of the

women. Job loss, reduced working hours and the end of furlough had impacted on the debts of 23% of the women. Of the 5% of women reporting 'other' this included bereavement or sickness.



Question 10 - Do you feel you have been negatively impacted by being in debt either practically through not being able to afford essentials and/or in terms of your mental health/wellbeing?
The majority of the women (72%) reported that they felt they had been negatively impacted by being in debt with only 28% reporting no negative impacts. When questioned on how they had been impacted the responses concentrated on issues around mental health and wellbeing, stress, anxiety, depression, loss of sleep, panic attacks as well as struggling to afford the essentials, pay household bills and provide for their children.

"Debt affects my mental health and the relationship with my partner."

"Constant worry, stress and panic attacks."

Question 11 - Do you feel your children have been negatively impacted by your debts?
Almost half of the women (47%) felt that their children had been negatively impacted by their debts with 53% reporting no negative impacts. When questioned about how they felt their children had been impacted the responses centred around not being able to get their children what they needed in terms of food, heat, clothes or being able to buy them presents for birthdays/Christmas and that children were missing out on doing things such as activities and clubs because they couldn't afford to pay for these.

"They can't enjoy clubs or extra-curricular activities."

"The budget doesn't allow them to have any nice things just the basics."

2.2 Reported effects - Focus Groups
Debt was a fact of life for many of the women who took part in the focus group sessions. Often they had no other choice but to borrow due to low incomes from social security benefits or in low paid work. Many were lone parents struggling to provide for their children and make ends meet. Most reported a worsening situation with regard to meeting their bills and affording the essentials. There were few, if any, luxuries in the lives of these women and many were living with an endless cycle of money worries and debt.

Prevalence of Debt
Most of the women believed that being in debt was very common and even more so in these difficult times with the impact of welfare reform, Covid and rising prices. The majority of the women reported being in debt for essential items. This included household bills (groceries, maintenance to cars, energy costs), white goods, furniture, clothes and school uniforms as well as borrowing for the cost of Christmas.

Some of the women reported that they were unable to save, due to living on a low income, which would allow them to avoid getting into debt or further in debt. They were either unable to save at all or what little they were able to put away was quickly used up in meeting everyday living expenses usually for quite small items such as school clothing or school shoes.

"Sometimes I have to use my credit card to pay for ordinary things like groceries, putting petrol in the car or for clothes."

"As quick as the money is coming in it's going out. And that's not for Christmas, that's just normal stuff. The kids' schools are always looking for money too, £10 for this class and £10 for that class. It puts even more pressure on your budget and forces you into debt."

"It's hard to save. One week I have a spare £10 but the following week something happens and the kids need new school shoes or a new jumper."

Stigma of Debt
Women reported that there is still a considerable stigma around debt. Although, it was felt that these attitudes were changing and people, especially younger people, were more willing to talk about this subject. They also felt that Covid had helped to make debt easier to talk about it as more people were having to borrow as a result.

"You do hide your debt, you are ashamed of it as a woman but you're only trying to survive."

"People talk about it a bit easier – debt and mental health – one of the good things to come out of Covid. There is more of a safety net for people to talk about these things in a safe space as others are experiencing the same issues and the fact that has been brought out is a good thing."

Access to Credit
The women felt that access to credit had perhaps become easier now that there are more options available online. However, it was acknowledged that this type of online borrowing while more readily available is also more expensive.

Women noted that for those on low incomes the options for accessing cheaper forms of credit were more limited which often leads them to being driven to high cost credit. Some of the women reported a regular pattern of saving with the Credit Union in order to access credit however some noted it was not always the cheapest way to borrow.

"People with poor credit ratings are forced into more expensive lending. So the rich get richer and the poor get poorer."

"For more expensive forms of borrowing you don't need to meet the same level of criteria so you're forced into this lending."

Types of Lending

There was a wide range of borrowing reported by the women in the focus groups but most of it tended towards the more expensive forms of lending such as credit/store cards, catalogues, overdrafts, doorstep lending and some examples of illegal lending. Borrowing through the Credit Union and through Discretionary Support was also fairly widely reported as well as informal borrowing from friends and family.

Some of the women were using Buy Now Pay Later products and payment plans (such as Klarna and Clearpay) which allowed them to split payments into smaller amounts over a period of time. This allowed them to make purchases they wouldn't otherwise have been able to afford and spread the cost.

"I use Clearpay and Klarna which allows me to pay off in instalments without interest. As long as you pay it on time. It's online only but allows you to split it into 4 payments."

"I wouldn't be able to afford things without buy now and pay later. I have an Argos Card which is buy now pay 6 months later with no interest for 6 months. I try to pay it off before the interest kicks in but it doesn't always happen."

High-cost Credit

Many of the women were using high-cost credit with examples of credit and store card debt, catalogue debt, buy now pay later offers, overdrafts and doorstep lending. They mentioned convenience and ease of borrowing as a reason for using high-cost credit. There were also examples where women were unable to borrow elsewhere and had therefore turned to this type of credit. Most of this borrowing was for essentials and for helping people to manage their bills day to day not for extras or luxuries. Many reported being in a cycle of debt and struggling with repayments which meant that they were unlikely to escape these debts.

"I have an overdraft arrangement which is as high as it can be. It's the banks money I'm spending. Every month I'm using this overdraft."

"I don't get loans, I have an account with Very. I get it and pay what I can a month. I am a single parent with 4 kids on Universal Credit. You don't pay anything for 12 months – then you don't realise and end up paying lots after that."

"I struggle with buying clothes. I use a credit card to get clothes for the kids. Then a few months later you have to get more because they grow so fast."

Doorstep Lending

A significant number of the women reported using doorstep lending and many were in a cycle of borrowing from these lenders. They often used this type of lending because they were unable to access credit elsewhere and also because it was a convenient and easily accessible form of lending. All of the doorstep lending reported was in urban areas and the lenders were often well known in the local area.

The women reported that almost all of this type of lending was for essentials and to make ends meet. Most were aware of the high cost of this credit but they felt they could meet the repayments and they needed the money.

"I can't save. With the kids something always comes up. My daughter needed new shoes. I am already in debt with doorstep lenders Provident and Skyline. For every £100 I borrow there's £50 on top."

"I have started off in a cycle of debt with doorstep loans that I'm not going to get out of."

"I understand why people take doorstep lending debt on – they can give you £300 straight away so it's tempting for people to take this. People on low incomes can't access money everywhere and it depends on their credit score. Provident, etc. don't care about your credit score."

Illegal Lending

This is a difficult area to gather evidence on because it is surrounded by secrecy and fear particularly if the lending is connected to paramilitary groups. Some of the women said they knew that the illegal lender they borrowed off was connected to a paramilitary group and others did not understand that it was an illegal form of lending they just saw it as a local money lender providing a service. Others were aware of paramilitary lending in their local area but much of their evidence around this issue was anecdotal. These issues make it difficult to understand the true nature and extent of this problem. What is obvious is that it is a more dangerous form of borrowing and many of the women understood that. This type of lending was only reported in urban focus group settings.

Fear of the consequences of not meeting repayments to illegal lender was evident. There was some degree of acceptance of these lenders because they were able to help people who couldn't get money elsewhere and because they were fulfilling a need in local communities. In some cases, lending through illegal lender/paramilitary lenders was actually cheaper than doorstep lenders who provide legal forms of lending.

"I have a debt to a doorstep lender. On every £100 I pay £30. I pay it back every 2 weeks. I work full time but still have difficulty making ends meet on a low income. You ask a doorstep lender can I borrow £1,000 today and they will leave it round to you that night."

"You get your knees done if you don't repay – there are so many things they can do."

Informal Lending

Informal lending particularly from family and friends was widely reported. In some cases, women only needed small amounts of money to tide them over until they were next paid. As before, this money was being used for essentials often to top up electricity or gas meters, to help with bits of furniture or help with school costs.

"I couldn't afford to buy a sofa. My dad ended up buying it for me. I really rely on other people."

"My mum helps me out. My sisters also help and lend me money. I had to borrow £8 off my sister for electricity at the weekend. She gets benefits too. I was running out of electric and had no money so I asked her for a tenner but she only had £8 which she gave me. I met her at the school gates and she was asking for it back."

"My mum helps me out with school uniform, she bought the kids shoes."

Living on Benefits and Debt

It is clear from discussions across all the focus group sessions that living on social security benefits often does not provide enough income to afford the essentials and meet basic household bills. This drives many women to debt in order to make ends meet. Living on benefits means that many women are unable to save to build up a financial buffer for unexpected events such as needing to replace an item of broken furniture or replacing a cooker, fridge or washing machine. Again this drives them to credit in order to meet these costs. The impact of increases in the cost of living are further putting a strain on the ability of social security benefits to meet basic household expenditure.

"Benefits are not rising in line with the cost of living. It used to cost me £40/week to feed my 3 kids now it costs £100 – part of that is because they are getting bigger but it's also about the rising cost of food. Benefits are not going up but rent is going up, food is going up, electricity is going up."

"They don't care that you have to pay your rent, etc. out of what you get on benefits. My child's glasses recently cost me £80. Where am I supposed to find that money?"

Universal Credit

The way Universal Credit is paid and problems with the benefit such as the five-week wait and managing Government debt repayments are contributing to financial hardship and debt. The five-week wait in particular means that claimants start their Universal Credit journey in debt. Most claimants need to take out some form of lending in order to survive the wait either in the form of a loan from Universal Credit (Advance Payment) or some other form of borrowing. Many of the women had taken out Advance Payments and were struggling with these repayments and some had tried to survive the wait by borrowing off family/friends as they were scared of getting into further debt. Repaying Advance Payments and other Government debts from a claimant's Universal Credit award means they are living on much less than the standard rate which is clearly impacting on their ability to meet necessary household expenditure and driving up debt.

"During the five-week wait I had to go to my mum for help but what if you haven't got family? I could have got the loan but I'd have to pay it back and I knew it would be a struggle. We lived a very limited life during the wait and just paid for gas, electric and food. This is another thing that pushes people into debt."

"I've been on Universal Credit a year and a half now and it means I can't afford to pay off my Credit Union loan."

"People are not being supported to save. On Universal Credit it seems as if you shouldn't have any savings just debt. They are creating a really bad pattern, a vicious cycle of debt instead of encouraging people to save for things."

Universal Credit Uplift

As a result of the Covid pandemic the standard element of Universal Credit was increased by £20/week. Those women on Universal Credit really felt the benefit of this increase and consequently acutely felt the loss of the increase when it was cut in October 2021. They reported how the cut to Universal Credit meant they struggled more to pay back Advance Payments and other debts. Coming as it did alongside significant increases to the cost of living the cut impacted on their ability to meet basic household bills such as energy costs and food.

"It was easier to repay the Advance Payment when I got the £20 uplift, now it's harder."

"The £86/month I used to spend on gas/electric – we are using more now because it's winter and it was cheaper when the uplift was there. Now they've cut it when we use more and it's more expensive. It's stressing me out."

"Due to the cut I had to start taking money out of my savings which I had put aside for Christmas and other emergencies."

Discretionary Support

A number of the women in the focus groups had used Discretionary Support through the social security system to access help. In some cases, grants had been provided for household items such as beds but for most who had used Discretionary Support they were offered loans. Others reported that they would have been too embarrassed to ask for this help and would never have applied despite the fact they could have really benefited from either a grant or an interest-free loan.

The women reported issues with the telephone application process in terms of the length of the call and the intrusive nature of some of the questions they were asked which made the process feel degrading. Some felt it was very difficult to get help through Discretionary Support because of the eligibility requirements.

"There's more chance of pulling the sun out of the sky than getting help from Discretionary Support. You have to meet the requirements and spend hours on the phone to get any help."

"I applied for Discretionary Support but it's a demeaning experience. They ask how much you've got, what savings you have, what you've got in the house, it's not nice. They gave me £20/day food allowance for myself and my daughter but there was no help with rent."

Working Poverty
Some of the women attending the focus groups were working, often part-time on low incomes. They reported finding it difficult to make ends meet in low paid work with little or no help to manage their bills and leaving them more vulnerable to debt.

"The money that you get from low paid work doesn't level up to your bills, sometimes you would be better off on benefits."

"I send the kids to school and it costs £30/week for dinners because I work. I don't get any help with school uniforms. There's no help with childcare either so I have to use granny and granda."

Rising Costs of Energy
The rising costs of energy bills came up at focus group sessions time and time again. Paying for electricity and heating bills is a significant amount of household budgets and women are really feeling the impact of the rising costs of energy. This is putting pressure on already stretched household budgets with many severely limiting when their heat can be put on usually timing this to when their children are at home.

"I don't put the heat on as much. I don't like a cold house but I maybe just have it on for one hour for when my son is waking up. The living room is very cold. But we have to watch when we put the heat on."

"I usually buy oil in small tanks of 25 litres every week or second week. I can never buy 500 litres. If you buy more it's cheaper but you have to have enough money to do that."

"I had to take the heating off the timer and just put it on for shorter periods as I can't afford to have it on an hour at a time. The rest of the time I'm just putting layers on to try and keep warm."

Rising Costs of Food
Women were not only struggling with the costs of energy bills increasing but also with increases in their food shopping. These issues combined to ensure that their household budgets were put under severe financial strain with many having to make difficult decisions between heating and eating.
"I used to spend £60 a week on shopping for me and the three kids. Now it's over £100/week. I ended up going to the social supermarket it helps me so much."

"You really notice the price of food – deals that were £1 are now £1.50 and you're paying more for less. I'm going round to other shops to try and find cheaper deals but then you end up paying more in petrol to drive around the shops."

"We're having to choose between paying for gas or paying for food."

Christmas
The majority of the focus group sessions were held in the run up to Christmas and for many of the women concerns about meeting the costs of Christmas were foremost in their minds. Many were

Women Living with Debt

stressed about how they were going to afford to buy presents for their children and a significant proportion said they were getting into debt for Christmas presents. Some reported saving and borrowing through the Credit Union while others were turning to the Social Fund for loans to help meet the costs from their benefit payments. Others funded Christmas through catalogue or credit card debt.

"Last year I got into debt over the costs of Christmas. I was in debt for £400 on a credit card because of the costs of Christmas and it took me to July to get it paid off."

"My daughter wants a phone for Christmas but they are very expensive. I work part time so I will have to use finance to afford it."

"I've applied for a Budgeting Loan as I do every year to help me pay for Christmas. There's no interest on it."

School Costs
The issue of school costs was discussed at almost all of the focus group sessions with women feeling the financial strain of providing money to their children's schools. This included money for lunches, the cost of stationery, snacks, afterschool activities, art, HE, etc. Many of the women also struggled with the cost of school uniform including school shoes and PE kit. Household budgets were tight so these additional costs put severe strain on women's ability to make ends meet.
"For the gaelic team it's an O'Neills top, shorts and socks then half zip and tracksuit bottoms costing £80. I didn't have the money, I just don't have the money this side of Christmas."

"It's not even Christmas yet and I'm on the 3rd pair of shoes for each child since September as they keep busting them."
"Kids always need money for school – school trips, charity, etc. It's constant what they need and you are constantly worrying about it."

The Covid Pandemic
Women were asked about the impact of the Covid pandemic on their debts. Many experienced increased costs due to lockdowns as their children were at home and they were having to feed them and heat their homes. They were also having to try and keep them occupied especially where they had younger children and this also increased costs. A number who were working reported drops in income due to job loss or reductions in working hours and this led to a financial struggle which for some meant foodbank use and additional debt.

In terms of help for Covid most of the women had not received any help, either from the Government or otherwise, in relation to meeting their bills. Some who could have availed of help had not heard about the help available and therefore did not find out about it. A number reported seeking help with housing costs through their landlord. For those who had received some kind of help with their bills the help was mostly viewed as useful especially in relation to support through the benefits system. However, in relation to housing or credit card payment holidays, some of the women were concerned that they would eventually have to pay the extra back anyway so it may just be better to continue on with their payments if they could rather than take the break.

"I lost my job due to Covid. I lost all my income. I worked 20+ hours a week as a waitress. My wages just stopped. I had to borrow money off Discretionary Support and go on Universal Credit."

"The mortgage holiday helped for three months but then I had to start paying it again. It was helpful at the time but it would have been better to have other savings. At the end of the day they still add on these three months and I still have to pay it."

"For Covid my landlord did offer help with rent but I know he will just end up asking for it back in a lump sum so I didn't take it. He said he would give me three months off. I'm in private rental. I knew he would just ask me for it anyway so I just kept trying to pay it."

Debt and Mental Health

The links between debt and mental health issues were discussed widely at the focus group sessions. Most of the women reported that the level of debt and money worries they were living with had impacted negatively on their mental health causing stress, anxiety and impacting on their sleep and quality of life. The constant weight of debt and worrying about money was very evident in these discussions and many felt they had little chance to escape from their debt situation.

"It's very stressful being in debt. I have had more panic attacks about how I'm going to get through the rest of the week."

"I will wake up at four in the morning worrying about how I'm going to afford Christmas. It just heightens your anxiety levels. I ended up having to go to the GP to get something for it. Debt is a big part of that. Every time I hear about gas or electric going up I wonder how I'm going to cope."

"Debt affects your mood and your relationships. You become stressed and have a short fuse and snap at each other about small things."

Life limiting impacts of Debt

In addition to mental health impacts it was also evident the impact of debt on women's lives in terms of what they and their children could not do. It was clear that living with debt and money worries meant that they missed out on living their life to their full potential and that their children frequently missed out on activities and opportunities because of a lack of money. This lack of money and debt impacted on their social lives, the ability to afford small treats, take part in activities or clubs and learn new skills. It is clear the guilt that comes along with this particularly when it comes to limiting what their children can be involved in.

"You don't get to live your life. You can't even go for lunch with a friend. You feel guilty if you ever do."

"I feel guilty if I do go out. I don't want to be included in things. I can't even do a cup of coffee with someone."

"My daughter was asking could she go to gymnastics club because her friend is going. I just can't afford all the costs for uniform, fees for competitions, etc. I feel terrible but I can't afford it and that means my daughter is missing out."

Women and Debt

In the focus group sessions there were many examples of mothers going without to make sure their children were provided for. Women talked about going without food and other items such as clothes and heat to make sure their children had enough. This was particularly the case for lone parents. The women talked about how things were more expensive for women including the costs of period products, underwear and haircuts and that this was an unseen impact on their budgets. They also spoke about how women were more likely to take on the burden of debt in households as they were more likely to manage the budgets and take control of spending for children. Women discussed the negative feelings they had about not being able to provide for their children or give them what others have.

"Sometimes you struggle between turning the heating on and feeding the children. As a mother you would go without to make sure the kids have what they need. I have made dinner sometimes and there hasn't been enough for everyone so I've lied and said it's alright I've eaten so that I can try and make it stretch."

"If you're on your own it's hard, there's no support there and if you've no family then you can't borrow off them either."

"Women are the ones who often give up/do without to absorb debt rather than let it impact on their children. I'll do without spuds and put the spud on the child's plate. Women are at the frontline of this."

Debt and Migrant Women

There were particular issues around debt for migrant women. Women asylum seekers reported more reliance on family/friends for borrowing as they have limited options for formal borrowing. Migrant workers also spoke about borrowing from family/friends and a number were aware that their husbands/partners had debt but that they did not know the details about these debts. There was an awareness of the Credit Union and some had taken used it to borrow money but mostly through their partners. In other areas migrant women had similar issues to all the other women struggling with affording the costs of Christmas, heating their homes and feeding their families.

"I am an asylum seeker. I can't get loans. If anything I take a loan from a friend or someone I know who is willing to help. My best friend would help me out and I'd pay her back later."

"My husband has debts but I don't know what they are for."

Debt and Rural Women

Many of the discussions with rural women centred on similar issues to those discussed in the other focus groups including the struggle to afford heat, increases in the cost of living, the impact of Covid and stigma around debt. However, for rural women there were even deeper issues of stigma around being in debt. Many reported that there were concerns about people "knowing your business" in rural areas and therefore talking about money and debt was even less likely.

Borrowing through the Credit Union was more commonly reported for those in rural areas and it was seen as a more acceptable form of borrowing because it was traditionally viewed as being more community based.

Rural women reported issues with Brexit and the fear of a loss of subsidies which help many rural businesses. Added to this the impact of Covid and rising prices and this led to fears of even greater impacts on household budgets. Many farms were worried about paying for machinery and the increasing costs of animal foodstuffs and fertiliser, etc. All these issues have the potential to drive these families into debt or further in debt. Many of these rural businesses, in particular family farms, will continue to operate even if they are not profitable as they are part of families often going back generations.

Some other rural families rely on the construction industry and many of these workers are self-employed. They were often badly impacted by Covid as there was little Government help available to them while they were unable to work. For those involved in cross-border construction work they found themselves unable to get any help in either jurisdiction.

Access to transport is also a greater issue in rural areas with many families needing to run a car as public transport links are poor. This is a further drain on their budgets and the increased costs of owning and running a car were noted for those in rural areas.

Home heating oil is often the only option in rural homes. The women discussed the problems they experienced affording the amount of money they needed to place an order for a delivery of oil. For some women this was very problematic. If they were unable to afford enough money to place an order for oil they were buying smaller tanks of oil at local shops which was very expensive but which involved a smaller outlay of money all at once. This was a very expensive way for them to heat their homes but the only option available to them.

For some people in rural areas it is harder to access support services due to a lack of infrastructure in local areas. For some there were confidentiality issues and they didn't want to use local services in case people knew their business.

"There are changes in the Government subsidies and worry will that put families into debt. Brexit is allowing the space for these discussions – it may not be your fault but the fault of external pressures."

"In rural areas people don't like to talk about money whether it's good or bad. Not even if they are doing well but especially if they are not doing so well. It's not a subject you talk about!"

"More traditional forms of lending are more common in rural areas. Most of the borrowing is through the Credit Union. There is not the same stigma with it. It's much easier to say you got a loan out from the Credit Union – it's more acceptable."

Help with money and debt – Foodbanks and Charity

A significant number of the women who took part in the focus group sessions had used a foodbank or received help from a charity to make ends meet. Others reported regularly using charity shops to buy clothes for both themselves and their children. While it was generally acknowledged that there was more acceptance and less stigma around using charity shops and foodbanks there were still some women who felt they could not use them due to guilt or shame even though they really needed the help. Some felt that Covid had lessened the stigma around getting charitable help.

"I don't feel like I could go to a foodbank even though it would really help me. I feel like I would be taking it away from people who need it."

"Last year I got a hamper from St Vincent de Paul and I felt really guilty for it even though I really needed it."

"I went to the charity shop to get a coat. It was only £2 but I asked if I could pay it later in the week as I didn't have it. The man in the charity shop just gave it to me. It meant so much to me to get that coat."

Help with money and debt – Advice Services

There was some knowledge among the women at the focus groups of the advice services available to help people with their debts but also a general acceptance that these services were very busy due to the level of demand for this work. However, despite the existence of these services there were still some people who did not know about them and others who would continue to struggle on with their debts without getting help until things became really desperate. The women recognised that for many people it was a big step to seek help with their money situation or debts and for those with mental health problems it is even harder.

"People are waiting weeks for debt advice appointments due to demands on the service. People have gone so far as to make this step by making the call, often their mental health has been impacted and they are usually at crisis point and waiting a few weeks on a debt advice appointment can be hugely damaging."

"Many people struggle on until something happens or someone recognises that something is wrong and speaks to them about it. People just get into more and more debt and struggle on."

Help with money and debt - Women's Centres

Many of the focus group sessions were held in local Women's Centres across Northern Ireland and it was obvious the value and positive impact of the Centres to the women who used them. Women's Centres provide a range of services to low-income women including childcare, access to advice and information, food and foodbank vouchers and help with clothing, furniture and other household goods. The Centres also provide valuable opportunities for friendship, support and social inclusion as well as opportunities to share information and access other sources of help/signposting.

"Sometimes I think it's all too much. I have no family here and just have the Women's Centre and SureStart. I have no family connections of my own here and sometimes I have suicidal thoughts. The Women's Centre gives me a reason to go out of the house and occupy my mind. It gives me time away and I can have a cup of tea and talk to people."

"The Women's Centre is my lifesaver. They worked all through the pandemic to help people. They were flat out for the whole pandemic. They provide great support."

Financial Education

Some of the women felt that there was a need for greater education around money and debt to enable people to manage their money and to better understand the cost of the different types of debt. They felt that this needed to start in schools and with younger children.

"Education is also very important around money and debt. It's about feeling confident about money issues, being aware of marketing and knowing what things like APR mean. This needs to start in schools – giving children skills in money management and debt."

"There should be education on money from primary school so that future generations don't have the same issues. Young people need lessons on how to manage money."

What Government could do to help people with debt?
At the focus group sessions women were asked what Government could do to help people with their debts. The responses were centred around increasing the amount of money those on low incomes were expected to live on so that they could afford the essentials. Suggestions included raising the level of social security benefits and the minimum wage so people had enough money to live on without having to live in hardship or have to get into debt for essentials. There was an overwhelming feeling among the women that Government did not care about them or understand the realities of life on a low income. Some of the women suggested the need for a form of low/no interest borrowing to be available especially for essential items.

Women also suggested that it needed to be easier to access help and advice with money issues and with debt. They reported problems with call centres, the increased use of online information and always being directed to websites as well as a loss of locally based services.

"It would be good if the Government could give people more money in benefits. You are expected to live off what they give you but they couldn't do it. You have to buy shopping, clothes, gas and electricity with what they give you but you can't do it. You can't even afford to get a new pair of shoes, you have to borrow."

"Government need to take into account the cost of living so that people can get the amount of money that they need to live on."

"The Living Wage is a joke – it's not enough to live on. There needs to be a proper wage that keeps up with inflation. How are you able to get enough money to pay your rent, etc?"

2.3 Case Studies

CASE STUDY ONE

I'm a single parent with 3 kids. Part of my debts are due to trying to go self-employed and the costs for the business which I couldn't meet. I bought a lot of stock which I couldn't move and Covid made it worse as there were even fewer clients for the business because of the restrictions. This has added to my debt levels. I mostly owe through overdrafts from the bank and I'm in debt of approximately £14,000. I didn't qualify for any Covid help because the business was too new. I'm considering going to a doorstep lender to try and clear my overdraft it's on my back and I need to get it off my shoulder.

I am in receipt of Tax Credits and got the £20/week uplift but now it's been cut and I really notice the difference. The cut happened and then everything got more expensive. I noticed tins of corned beef which used to be £2.50 and now they're £4. Bread is now £1.29 and it used to be 89p – it had went up to £1.09 and it is now up again. Little things I used to get like pasta and spaghetti for 20–30p now you can't get the cheaper ones anymore and it's now the 60p ones.

It's been really cold the last two weeks and I'm having to be really careful when I switch the heat on. I put £40/week into the gas now. Electric is not as bad but it is still more than it was. Gas is the real killer.

I have 3 kids in the house, I'm always going without to make sure they have what they need. The little one needs new school shoes and I'm trying to figure out how I'm going to pay for them. There is nowhere to take the money from. He needs them so this week I'll cut back on gas and not do a full shop so that I can save some money for his shoes. My shopping is expensive as I have two kids with allergies and they can't eat some of the cheaper things. The car needs fixed but I can't afford to do that so it's sitting in the drive. That means I have to take taxis and I end up using all my money. Things have just snowballed in the last 10 weeks.

It has got to the point where it's overwhelming and now the kids know too. We had to have a conversation and I told them I couldn't afford to get what they wanted for Christmas or for their birthdays which are in January. I just had to tell them I just don't have it this year. I usually still find a way to do it using my overdraft but I just couldn't this year. I just said we couldn't do it and they understand.

My mental health has been very impacted by these debts. I suffer from PTSD, bipolar and depression and the impacts of those flows through the house. It has put a lot of stress on us. I feel sorry for the children as they have absorbed a lot of the stress. I just don't know what to do.

CASE STUDY TWO

I'm a single parent with two children one aged 24 and one who is 16 and at college. I am on Employment and Support Allowance and Personal Independent Payment. My debts started when my dad died. I had just moved into a new house and I wanted to help pay towards my dad's funeral so I used my rent money. I got so behind I almost lost the house and my brother had to step in and help me out.

I got a loan to pay my brother back and this started my debt journey. I knew there were people lending money in the area and I put the feelers out about a loan. They gave me £300 the first time and once it was paid off I kept borrowing off them. They are a local paramilitary lender. I pay £40 for every £100 I borrow from them.

I also have loans to a couple of doorstep lenders – Provident, Skyline and Morses Club. When Provident went under the agent moved and I moved with him. I have six different loans with Morses Club all operating at the same time. As soon as you get down to a certain level of credit they tell you that more credit is available so it just ends up going up and up. I have total debts of around £3,000 to all these lenders. I'm paying back £240 every fortnight. Some weeks I manage OK but I really notice my other bills going up now.

I have a credit card as well I did that online. There are adverts which say check before you apply and then they tell you we can give you credit and before you know it you have it. It is so easy to get sucked in to expensive credit. It solves one problem but creates another.

I borrowed from these lenders because it was easy, it was easy to apply and it was easy to get the money. I see adverts for credit online and it's so tempting when you need the money. It's really easy to get more debt, once I get one paid off I just get another. It usually comes down to borrowing for the kids. My son needs a laptop for college and I used store credit to get it. Instead of it costing £400 it's costing £600 this way. He needs it for college and I want to be able to get it for him. It always falls to the mummy to keep everyone. I feel the pressure of that.

There should be a cap on what you can borrow and how much interest they add on. It just keeps going up and up. Who is going to turn that down if you need it? You just end up getting sucked in.

I get my money on a Monday and by Tuesday it's gone! I'm always behind on benefits. I'm always a week behind. I never get on top of things. I'm always robbing Peter to pay Paul.

Debt never goes away I never seem to shift it. I am hoping to do courses and maybe get a qualification through the Women's Centre so that eventually I could get a wee job at the end of it. Then I could start getting some of this debt paid off.

CASE STUDY TWO CONTINUED…

The Centre is a godsend for me. It was two years before I could come here and fully open myself up to it. I've been here six years now and it's the best thing for the support network. There's always someone to talk to and you're not dealing with it all by yourself. They helped me with getting hampers at Christmas too.

There are nights I've sat and cried when no one else is around worrying how I'm going to cope. The next day you just have to get up and get on with it. If I fell apart the whole house would fall apart.

CASE STUDY THREE

My husband died recently and I live alone. My children are all grown up. I had been working but I came out of work when my husband died. I tried to go back but I couldn't do it and I went out on sick and eventually I was let go. I am on Universal Credit and I have to pay the shortfall in my rent of around £20/week. I am in rent arrears and rates arrears and I am paying back an overpayment of benefits every month. I applied for Discretionary Support for help with my ordinary bills. I didn't want to go to loan sharks and pay interest on my debt. It's always a loan they give you never a grant. I am making the repayments but it's hard.

I had been getting an increase in my Universal Credit which was helping but it was cut and I really notice it. Everything else is going up but not benefits. I really notice the Universal Credit cut with the gas and electric going up. I'm putting in double what I was. It's a bad time for a cut when everything else is going up. Universal Credit is not enough to live on. Somebody needs to do something about it.

The price of stuff is just horrendous. Tins of Spam used to be £1 and the other day it was £3. Everything has gone up – food, gas and electric, even trying to get clothes. I saw a sign in the Women's Centre that said if you were struggling you could get help from the foodbank so I put in an order form. It helps me and if I've some left over I give it to my kids as they are struggling too. It helps me to be able to give them a hand out.

I've really noticed the cost of gas. I live in a big house where I reared my kids but they are gone now and it's hard to heat the house. I want to move into a smaller house and I've been waiting seven years on the waiting list for one. The house is hard to heat and I have to limit when I put it on. I just put it on for an hour but when it goes off it cools down quickly so I'm sitting with all my layers on to keep warm.

I worry when I go to bed at night thinking about what I have to pay. There isn't a week goes by without worrying about paying for something. I'm always worrying. It is horrible to be always worrying.

CASE STUDY FOUR

Myself and my partner have a baby boy. I lost my job before Covid as the company went out of business. I was expecting to get maternity pay but I didn't because of this. Then Covid hit and my husband was furloughed for over a year. While 80% of his wages were being paid all of a sudden it wasn't enough and made things really difficult. We didn't have the money we were counting on and it tipped us over.

I have debts of over £2,000 on credit cards and with family members. I needed to borrow to pay for a washing machine, furniture and to help with the ordinary household bills. I am struggling to make the repayments. I always try and pay above the minimum for my own sanity so I'm not just paying the interest but it's hard. My husband is back at work now but we can't seem to get ahead of ourselves again with all the debt. I have had to use a foodbank due to a lack of money but I still need to go to the shops as they don't have everything I need there including fresh food and nappies for the baby which I sometimes struggle to get at the foodbank.

We didn't take the mortgage payment holiday as we looked into it and decided to try our best to pay the mortgage as it was going to end up costing us in the long run anyway. We tried to make the payments and cut back on other things like heating for example. I am very strict about putting the heat on but looking back I think it was probably detrimental at the same time because we were cold. I am shocked at the increases in our gas bills. I have noticed the difference, we rarely seem to be using it and yet the cost is still going up. It's hard to get any help with these bills. The foodbank was giving fuel top ups at Christmas but we don't qualify as we don't have a meter or a top up card. We could have really used the help but we couldn't get it.

We had a budget review on our electricity and they have increased my direct debit to try and avoid a large bill. They increased it by £15/month but they didn't give me much notice. I have already budgeted for all my direct debits so this will make me overdrawn. I think the utility companies could do more to help people.

Because we're repaying these debts we don't splash out on anything and we're always cutting back on things. Everything I buy is from the reduced section or value items, I have to look for all the bargains. I don't feel like my son has been impacted too much because he is still a baby but I can't take him places or do things with him because money is such a concern.

Our bed broke over the weekend and I worried myself sick about it and and how we're going to afford to replace it. My husband said "let's go and get a bed." I feel like women do take on the stress about money, I worry about the repayments. I didn't expect to have to be dealing with this – these things crop up and we just don't have the money for it. We will have to use a credit card to get a new one as there is nowhere else for us to go. Every time you think you are getting ahead of yourself you get walloped again – it's the timing of things.

CASE STUDY FIVE

I'm a single parent with one child in a rural area. I work and claim Universal Credit. I have debts of over £1,000 and a car loan. I need a car for work as there is little public transport where I live. I have a catalogue debt which was interest free for a year to pay for a new phone which I needed for work and to manage my Universal Credit claim online. I have until next month to pay it off but now I've nothing to pay it with.

When I moved from Tax Credits to Universal Credit I ended up with an overpayment so my payments have been reduced to pay this off. I took out the catalogue debt when I could afford to make the repayments but I didn't account for the overpayment. They are taking this debt off me at £100/month but I'll have to ask them to lower it now the Universal Credit cut has come into force and because of all the other rising costs. The cut to Universal Credit will mean I'll have to reduce what I pay to my other debts.

I've seen a big increase in my bills. I used to only have to spend £20/month on electricity but now it's nearly £35/month and rising. I use oil heating and had been able to get a small grant to help with this. But the tank is only half full now and I can't afford another order of oil. I need £100 to put the order in but I just don't have it. I'm rationing it to make it do. I don't set the timer anymore I just turn it on when I need it for hot water, etc. I light a fire but you need money for that too but it's a bit cheaper than the oil but it's not environmentally friendly – what can I do?

I got some Covid help through the local Council as a single parent on a low income. I got a food parcel once a fortnight. I'm not ungrateful for this help but it was all processed food. There was no fresh fruit or vegetables. I don't want to have to feed my daughter all this processed food. It's not just about eating and heating it's clothing too children grow so much and need new clothes. I haven't bought clothes for myself in a long time. They talk about getting children out and about and involved in things but they need the clothes and shoes and sometimes money to do these things.

I'm soaking up the debt myself. I try not to let it impact on my child but it does. Sometimes she is looking for stuff and I just can't get it for her. She is dipping into her own money from birthdays, etc. She sold some of her toys and a bike she no longer plays with and is saving that money to buy a table and chairs for her room. That's her money and I feel bad as her parent because I should be able to buy that for her. I took her shopping last week and she saw a lovely winter coat. I was only able to get it for her as I have some vouchers through some voluntary work I'd been doing but without that she wouldn't have been able to get it.

Debt is always there. It's like a mental fatigue especially when you're on Universal Credit. I'm constantly looking at my bills and what's coming up next month. When I go shopping it's always about mentally counting up how much I have to spend. It's constantly having to watch money, there's no reprieve from it and it's exhausting. It would be great to have a week where I didn't have to worry about money.

3. Conclusions and Next Steps

The cost of living crisis, the impact of a global pandemic on jobs and household incomes as well as a less supportive social security system will undoubtedly impact on existing, already concerning, levels of debt. This is particularly the case for those on the lowest incomes many of whom will struggle to afford the basic essentials while juggling debts and increasing arrears.

This research with women in disadvantaged and rural areas of Northern Ireland shows the prevalence of debt in the lives of many local women. For significant numbers of these women their debts have arisen simply in order to make ends meet or to fund essential items. This includes white goods, furniture, clothes and shoes, the costs of Christmas and for many even more basic items such as groceries, fuel and energy bills.

What is clear is that the income from social security benefits or from low-paid work means that many women are unable to afford the essentials that they, their children and families need to survive. Perhaps most evident from the results of this research was the impact of rising costs of living on women's household budgets. The squeeze on their budgets particularly for the most basic of items such as food and energy bills was widely reported impacting on their ability to put food on the table and heat their homes. Many women reported that these inflationary pressures were impacting on their debt levels as well as their ability to service their debt repayments.

Household budgets have been further impacted by the Covid pandemic. Covid has led to job losses, reductions in working hours, increased insecurity about work and reductions in household income. This is particularly in the sectors where more women are employed such as retail and hospitality. Support for those in receipt of social security benefits was temporary and the removal of the £20 increase to Universal Credit/Tax Credits was keenly felt by those claimants.

What is also clear from this research is the actions that women are often forced to take to protect their children and other family members from the impact of poverty and debt, acting as they do as the 'shock absorbers' of poverty within many households. This can include going without food, heat and other essentials such as clothing. While many women do all they can to protect their children from the negative impacts for some there is little they can do and they feel their children suffer as a result.

Living on benefits, in low-income work and struggling with existing debts means that many people are forced towards high-cost credit to make ends meet as cheaper forms of credit are not available to them. This is especially the case for women who are more likely to claim social security benefits, more likely to be in low-paid, part-time and insecure work and more likely to be providing care limiting their ability to increase their income. This can leave these women struggling to repay high-cost credit they can little afford, getting into dangerous forms of debt and can create a cycle of debt dependence which is nearly impossible to escape from setting a pattern for the rest of their lives.

While increasing debt levels are a concern for the economy the personal impacts of carrying the burden of unmanageable or problem debt can have serious implications for the health and wellbeing of people and families. This research clearly illustrates the negative impact of debt on women's lives and the lives of their children. Living with debt caused anxiety, mental health issues, problems within relationships and within families and limited their life opportunities and those of their children.

"Debt is far more than just a financial issue. It's a major cause of relationship breakdown, can hugely diminish people's well-being, and sadly leaves 100,000s at risk of taking their own lives." [3]
(Martin Lewis, MoneySaving Expert)

The findings of this research paper clearly show the negative impacts of managing debt on women's lives and on the lives of their families and children. It is important to acknowledge that problem debt is a significant issue with far reaching consequences for the economy, society as well as those on whom it impacts.

Next Steps

The Consumer Council is grateful to the Womens Support Network for this research which builds on the work they produced in February 2020[4]. It shows that the impact of Covid-19 has exacerbated many existing problems for those consumers; in particular women who are already financially vulnerable. On top of the global pandemic, families have seen the cost of living become difficult with the price of food and fuel rising considerably in recent months.

This piece of research demonstrates that we need to continue our work to establish viable alternative lending provision for those people who feel they have no options but to borrow money. This provision should provide those most financially vulnerable with suitable alternatives to door-step and illegal lending that have high interest attributed to them.

It also shows that we must continue to inform people about the support available to those in financial difficulty and how to get help.

We will continue to promote our True Cost information campaign[5] to raise awareness of help available for people whose financial situation is a constant worry, and to signpost people to alternative forms of credit, advice organisations, and debt charities.

The Consumer Council has developed educational materials targeted at primary and post primary students. We will be developing these resources further with the aim of seeing them embedded in schools throughout Northern Ireland. These materials have been endorsed by the curriculum body in Northern Ireland, Council for the Curriculum, Examinations & Assessment (CCEA).

We are currently funding research into Child Benefit linked credit union loans. This will look at the model introduced in GB and consider if this model should be introduced in NI.

Finally, we will use this research to campaign and influence policy makers, such as government departments, regulators and other stakeholders, to secure positive policy changes on behalf of Northern Ireland consumers, based on a more detailed understanding of their specific needs.

3 https://www.gov.uk/government/news/new-scheme-to-give-people-in-problem-debt-breathing-space-launched

4 Making Ends Meet: Women's Perspectives on Access to Lending, Women's Regional Consortium, February 2020 https://womensregionalconsortiumni.org.uk/wp-content/uploads/2021/04/Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf

5 https://www.consumercouncil.org.uk/truecost

4. Annex – Framing the Research

Debt is a fact of life for many people and families and arguably never more so than now. There was already a debt crisis before the Covid pandemic struck and the resulting job losses, reductions in income and insecure employment will mean that many people will have little or nothing to fall back on in these difficult economic times. Added to this increases in the cost of living particularly for essentials such as food and energy and changes to social security benefits put substantial pressure on already stretched household budgets. Many people particularly those on low incomes with little or no savings will have no other option than to borrow money often for essential items.

4.1 Levels of Personal Debt

People in the UK owed £1,754.3billion at the end of November 2021 up by £60.1 billion from the end of October 2020, an extra £1,136 per UK adult over the year. The average total debt per household, including mortgages, was £63,112 and per adult was £33,169. The Office for Budget Responsibility have forecast that household debt of all types is forecast to rise from £2,004 billion in 2020 to £2,363 billion in 2025 making the average household debt £82,957.[6]

4.2 Debt and vulnerability to debt in Northern Ireland

In terms of debt levels Northern Ireland does not fare well compared to other regions. Research by the Financial Conduct Authority (FCA)[7] has shown that personal debt in Northern Ireland (excluding mortgages) is higher than any other part of the UK. Figures for unsecured debt show adults in Northern Ireland owe £3,990 on average and adults with debts owe £10,730 on average. This compares to £3,320 and £9,570, respectively, for all UK adults. Debt advice charity Christians Against Poverty (CAP) report that the average debt for their clients in Northern Ireland is higher than any other UK nation at £22,198. 77% of the total debt makeup is owed to non-priority creditors, which is notably more than the 67% owed by CAP clients across the UK as a whole.[8]

The financial circumstances of the Northern Ireland population (pre-pandemic) also give cause for concern. FCA research[9] shows that fewer adults in Northern Ireland have a savings account (52% compared to 59% in the UK) and fewer have any investment product (23% compared to 29% in the UK). In Northern Ireland 12% of adults have no savings or investments while 60% have savings and investments of less than £10,000 (compared to 49% in the UK). A greater proportion of people in Northern Ireland (56%) are considered potentially vulnerable due to their financial circumstances (compared to the UK average of 50%). 8% of adults in Northern Ireland said they could cover their living expenses for less than a week if they lost their main source of household income and 20% reported being over-indebted, both of which are characteristics of potential vulnerability. Money and Pensions Service figures show that even before the pandemic 11% of people in Northern Ireland were using credit for everyday essentials such as food or bills.[10]

During 2021, Advice NI's debt service advised 3,809 clients and dealt with over £19million in debt.[11] Advice NI reports that clients continue to struggle against increasing financial pressure, with low income and over commitment being the main causes of problem debt. Many clients who approach Advice NI's debt service for help have no savings or life insurance in place. Their advisers have also experienced an increase in clients dealing with addiction and gambling problems, which greatly increases the financial pressure on them.

4.3 Women and Debt

Borrowing and debt is far from gender neutral. Women are more likely than men to claim social security benefits, more likely to be in low-paid, part-time and insecure work, more likely to be providing care for children/family members and more likely to have to make up for cuts to services through unpaid work. As women's incomes are generally lower over their lifetimes this leaves them more vulnerable to short-term financial problems or income shocks making them more likely to have to rely on borrowing and debt to make ends meet.

Pre-pandemic Office for National Statistics (ONS) data[12] shows that women are consistently more vulnerable to poverty and debt. 35% of women and 29% of men reported it was a struggle to keep up with bills some or most of the time, 26% of women and 23% of men said they ran out of money by the end of the month and 29% of women and 25% of men said they would not be able to make ends meet for a month or less if they lost their main source of income.

Women have lower financial wellbeing, have fewer retirement plans and smaller pension pots than men as well as being less likely to save regularly (56%) compared to men (63%).[13] More women (52%) have never put their money into an investment product compared to 37% of men.[14]

Research by the Financial Conduct Authority shows that there are certain types of credit that women are more likely to own. These are mostly retail finance products such as store cards (18% of women compared with 10% of men), catalogue credit (18% compared with 7%) and high cost loans (13% compared with 8%).[15] Looking at catalogue credit alone women are nearly three times as likely as men to own this type of credit.

6 The Money Statistics, The Money Charity, January 2022
https://themoneycharity.org.uk/money-statistics/january-2022/

7 The financial lives of consumers across the UK, Key findings from the FCA's Financial Lives Survey 2017, Financial Conduct Authority, June 2018 Updated January 2020
https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf

8 Our Story, Client Report, Christians Against Poverty, April 2021
https://capuk.org/assets/documents/client-reports/Client-report-2021.pdf

9 The financial lives of consumers across the UK, Key findings from the FCA's Financial Lives Survey 2017, Financial Conduct Authority, June 2018 Updated January 2020
https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf

10 Building Northern Ireland's financial wellbeing after Covid-19: the story so far, Money & Pensions Service, November 2020
Building-Northern-Irelands-financial-wellbeing-after-Covid-19.pdf (moneyandpensionsservice.org.uk)

11 Debt, Business Debt and Specialist Support Services 2021, Advice NI News, December 2021
https://www.adviceni.net/about/news/debt-business-debt-and-specialist-support-services-2021

12 Early indicator estimates from the Wealth and Assets Survey: Bills and Credit Commitments, ONS, August 2020
Early indicator estimates from the Wealth and Assets Survey: Bills and Credit Commitments - Office for National Statistics (ons.gov.uk)

13 Gender and Financial Wellbeing Challenge Pack, Money and Pensions Service, March 2020
Microsoft Word - Cross-cutting theme - Gender and Financial Wellbeing - Briefing Pack_5.0.docx (singlefinancialguidance-body.org.uk)

14 Ibid

15 Gender, personal finances and Covid-19, FCA Article, May 2021
https://www.fca.org.uk/insight/gender-personal-finances-and-covid-19

4.3.1 Single parents and debt

Single parents are more likely to be impacted by poverty, financial hardship and debt. In Northern Ireland the majority of single parent households are headed by a woman (91%).[16] Research by the Joseph Rowntree Foundation (JRF)[17] has found that single parents are by far the most likely of any family type to be struggling with poverty. Gingerbread research[18] shows that pre-Covid 13% of single parents were in severe problem debt compared to 5% of couple parents and 4% of single adults. This research found that 82% of single parents in problem debt cited 'not enough income to meet living costs' as a reason for using credit – they were almost twice as likely to cite this than any other reason.

Debt advice agencies also report that single parents may be particularly vulnerable to debt as they are more likely to be in low-paid and part-time work as well as disproportionately impacted by welfare reform and increases in the cost of living. StepChange reports that single parents are over-represented amongst their debt clients compared to the UK population. In 2020, around one in five (22%) of their new clients were single parents, yet single parents account for just 6% of all UK households.[19] Christians Against Poverty report that 26% of their new debt clients in 2021 were single mothers and 2% were single fathers.[20]

4.4 Living on a Low Income and Debt

Low income households are the most vulnerable to debt and often have to use borrowing to meet everyday expenditure. Living on a low income means a limited ability to save with the result that these households are vulnerable to income shocks which increases the likelihood of falling into problem debt. Low income households are also more likely to struggle to repay their debts and are more vulnerable to falling into a cycle of debt that they may find difficult or impossible to escape from.

Research by the JRF[21] shows that 3.8 million (33%) low-income households across the UK are in arrears and 4.4 million (38%) have had to take on new or increased borrowing through the pandemic. Essential bills make up the majority of low-income households' arrears. Joseph Rowntree estimate that arrears currently stand at £5.2 billion across the UK with £3.4 billion coming from household bills like rent, council tax and utilities and £1.8 billion from personal borrowing arrears.

16 Census 2011 – Key Statistics for Gender, Northern Ireland Assembly Research and Information Service, September 2014
Census 2011 – Key Statistics for Gender (niassembly.gov.uk)

17 UK Poverty 2022, Joseph Rowntree Foundation, January 2022
https://www.jrf.org.uk/report/uk-poverty-2022

18 The single parent debt trap, Gingerbread, February 2021
https://www.gingerbread.org.uk/wp-content/uploads/2021/02/The-single-parent-debt-trap_web.pdf

19 Statistics Yearbook, January – December 2020, StepChange
https://www.stepchange.org/Portals/0/assets/pdf/stepchange_statistics_yearbook_2020.pdf

20 Client Report, Christians Against Poverty, June 2022
https://capuk.org/assets/documents/client-reports/Client-Report-2022-On-the-edge.pdf

21 Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise, Joseph Rowntree Foundation Briefing, October 2021
Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise | JRF

Resolution Foundation research has also shown that despite a decade of falling interest rates the burden of debt remains substantially higher for low-income households.[22] It showed that the proportion of low-income households using some form of consumer credit rose by 9 percentage points between 2006/08 and 2016/19 which is a far steeper rise than the 1 percentage point rise among high-income households. Worryingly this has been concentrated in products with high interest rates. Credit card use among low-income households grew by 13 percentage points in the same period and the use of overdrafts grew by 4 percentage points.

Low-income households are more likely to have to rely on high-cost credit as they are often unable to access cheaper forms of borrowing due to their low-income and/or other debts. This leaves these households vulnerable to exploitation and the likelihood of problem debt. Research conducted by Advice NI on behalf of the Consumer Council[23] in Northern Ireland has highlighted that one of the themes around illegal lending is low income and lack of access to mainstream credit. Their research found that illegal lending is easily accessible, can escalate quickly leading to unmanageable debt and many clients are at the mercy of the illegal lender in terms of interest, charges and final amounts.

4.5 The Social Security System and Debt

The safety net provided by the social security system has been weakened by a decade of welfare reform changes meaning that many people are unable to meet the costs of essential items such as food, heat and clothing and are unable to cope with unexpected life events such as a washing machine breaking down. This often means they are forced into debt as a result. Polling by StepChange shows that over half those in problem debt (54%) receive support through the social security system[24] and 43% of those receiving social security support have used credit to pay for essentials which is a key risk factor in developing debt problems.

4.5.1 Universal Credit

There is substantial evidence that Universal Credit, and in particular problems with the five-week wait at the start of a Universal Credit claim, are causing widespread financial hardship, debt and increased reliance on food banks. Research by the Trussell Trust[25] has concluded that the minimum five-week wait for Universal Credit has led to acute and immediate financial hardship and worsened households' longer-term financial resilience. This included signs of indebtedness (multiple debts, high-risk loans, suspended utilities).

Locally, research by the JRF[26] in Northern Ireland found that participants unanimously associated the early stages of a Universal Credit claim with financial hardship and usually debt. Participants in this

22 An outstanding balance? Inequalities in the use – and burden – of consumer credit in the UK, Resolution Foundation, January 2020
https://www.resolutionfoundation.org/publications/an-outstanding-balance/

23 Illegal Lending – The Human Story, Advice NI, September 2019
https://www.adviceni.net/policy/publications/illegal-lending-human-story

24 Problem Debt and the Social Security System, StepChange, January 2020
social-security-mini-brief-report.pdf (stepchange.org)

25 #5WeeksTooLong, Why we need to end the wait for Universal Credit, The Trussell Trust, September 2019
PolicyReport_Final_ForWeb.pdf (trusselltrust.org)

26 Universal Credit could be a lifeline in Northern Ireland, but it must be designed with people who use it, Ruth Patrick and Mark Simpson, with UC:Us, Joseph Rowntree Foundation, June 2020
https://www.jrf.org.uk/report/universal-credit-could-be-lifeline-northern-ireland-it-must-be-designed-people-who-use-it

research found it hard to recover from the financial hardship that the five-week wait caused and described ongoing difficulties linked to reduced Universal Credit payments because of repaying Advance Payments and other historical debts. They described a 'domino effect' as debt led to more debt and aggravated mental health problems as people struggled to meet essential needs.

StepChange research[27] shows that a quarter of people who receive Universal Credit are facing very serious debt problems. This figure is three times the rate in the general population (8%) and 11% more than those receiving legacy benefits (14%). Two thirds of StepChange clients say being on Universal Credit has made it harder for them to budget and manage their financial situation. A report by Gingerbread[28] shows that 57% of single parents said that Universal Credit had made it harder for them to budget with only 14% saying it had made it easier.

4.5.2 Discretionary Support

Changes to the Social Fund as a result of welfare reform have meant that there is less help available through the social security system for those with extreme, exceptional or crisis situations. Since the Social Fund has been replaced by Discretionary Support there has been a weakening of this safety net for the most vulnerable borrowers meaning that it no longer provides the support it once did. Restrictive eligibility conditions including an income threshold and limits on the number and amount of debt a person can have through Discretionary Support have reduced expenditure on these awards. A Northern Ireland Audit Office (NIAO) report[29] showed that between 2014-15 and 2017-18, the number of grants and loans awarded has declined from 115,000 to 47,000, a reduction of 60%. As a result, annual expenditure has also reduced from £27 million in 2014-15 to £11 million in 2017-18. The Department for Communities explained that the reduction is due to the criteria for loans and grants becoming more stringent. These restrictions have the potential to push more people into the path of expensive lenders.

4.5.3 Repayment of Government Debts

Repayment of Government debt is a significant issue for many social security claimants. Reducing social security payments to repay these debts often causes people to struggle to afford the essentials and can drive them into poverty and debt.

Around 60% of all Universal Credit claimants, some 1.5 million people, are living on less than the standard rate of Universal Credit because they are paying back various forms of benefit debt.[30] About half of those are repaying an Advance Payment. Some 30% of all claimants are receiving larger deductions to repay past benefit debt. Almost a fifth of Universal Credit claimants are having 30% or more of their standard allowance deducted. The largest single element of this debt (£5.9billion) relates to Tax Credits.[31] This repayment of debt is likely to become an even bigger issue as more former Tax Credit claimants move on to Universal Credit. Local figures[32] show that 27.8% of Universal Credit

27 Problem Debt and the Social Security System, StepChange, January 2020
social-security-mini-brief-report.pdf (stepchange.org)

28 The single parent debt trap, Gingerbread, February 2021
https://www.gingerbread.org.uk/wp-content/uploads/2021/02/The-single-parent-debt-trap_web.pdf

29 Welfare Reforms in Northern Ireland, Northern Ireland Audit Office, January 2019
Welfare Reform Report 2019.pdf (niauditoffice.gov.uk)

30 Universal Credit, Getting it to Work Better, Nicholas Timmins, Institute for Government, March 2020
universal-credit-getting-it-to-work-better_0.pdf (instituteforgovernment.org.uk)

31 Ibid

32 AQW15195/17-22 asked by Gerry Carroll MLA
AIMS Portal (niassembly.gov.uk)

statements of award during January 2021 had deductions applied (including for example Tax Credit or other benefit overpayments, repayable loans and third party deductions).

A Trussell Trust report has shown that almost half of all households at food banks during the pandemic were repaying debts to the Government. The Trussell Trust state that it is now more common for people arriving at food banks to owe debt to the Government than to private lenders or family and friends.[33] Their figures show that 47% of households using their food banks owed money to the Department of Work and Pensions (DWP) due to loans and overpayment of benefits. They also found that 73% of people receiving Universal Credit were repaying an Advance Payment when they visited a food bank despite clearly being unable to afford the essentials.

StepChange research[34] has also found that excessive deductions from social security payments to repay debt are compounding debt problems. Over half (54%) of their clients who receive Universal Credit have at least one deduction in place compared to 36% of those receiving legacy benefits. This reflects a higher likelihood that those receiving Universal Credit will be repaying an Advance Payment or a Tax Credit overpayment. 40% of their clients had two or more deductions in place and 15% had three or more.

Research by the JRF[35] found that problem debt and arrears on bills was common among those experiencing destitution and the debts mainly pre-dated the Covid pandemic. These debts were largely 'public sector' debts owed to the DWP, local authorities and utility companies.

4.5.4 Welfare Reform Mitigations

In Northern Ireland there is a package of mitigation measures[36] in place to mitigate against the worst impacts of welfare reform. The Cliff Edge Coalition NI[37] has campaigned for an extension of the existing mitigations as well as a strengthening of the mitigations package to take account of new challenges that people now face such as the two-child limit, Universal Credit and problems within the private rented sector. Further strengthening the mitigations package has the potential to provide stronger protections for people from getting into debt or making their existing debt situation worse.

4.6 The impact of Covid on Financial Wellbeing and Debt

A decade of austerity and welfare reform changes has meant that many families were already struggling to make ends meet. The onset of the Covid pandemic means that these families and many more will face new challenges. Significant job losses, reductions in income due to reduced working hours and

33 Lift the Burden, Tackling the Government Debts facing people at Food Banks, The Trussell Trust, December 2020
Lift-the-burden-Dec-20.pdf (trusselltrust.org)

34 Problem Debt and the Social Security System, StepChange, January 2020
social-security-mini-brief-report.pdf (stepchange.org)

35 Destitution in the UK 2020, Joseph Rowntree Foundation, December 2020
Destitution in the UK 2020 | JRF

36 Welfare Reform Mitigations Working Group Report, January 2016
https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf

37 The Cliff Edge Coalition NI is a group of over 100 organisations from across Northern Ireland who came together to express concerns about the end of welfare reform mitigations in March 2020 and to campaign for their strengthening. The Women's Support Network is a member of the Coalition's Working Group.

increasing household bills as a result of lockdowns and rises in the cost of living mean that many people will have little or nothing to fall back on. Those on low incomes with few or no savings may have no other option than to borrow money as a result. These families often struggle to manage their debts and are vulnerable to spiralling into long-term, problem debt.

Research by the Financial Conduct Authority[38] shows the impact of Covid on the financial situation of adults in the UK. Three in eight adults (38% or 20 million) have seen their financial situation overall worsen because of Covid and 15% (7.7 million) have seen it worsen a lot. At a regional level, adults in London and Northern Ireland are most likely to say they have been affected financially (48% and 43%, respectively). This research also showed that the pandemic has reversed downwards trends in vulnerability and low financial resilience figures. 27.7 million people have characteristics of vulnerability in October 2020 an increase of 3.7 million since February 2020 and 14.2 million have low financial resilience in October 2020, an increase of 3.5 million since February 2020.[39]

When asked to think about the challenges they are likely to face in the next six months, a quarter of all UK adults said it is likely they will struggle to make ends meet and are likely to see their debts increase. Adults in Northern Ireland (42%) were more likely to have this negative outlook in October 2020 compared with other regions.[40]

Office for National Statistics (ONS) figures[41] show that over the course of 2020 there was an increase in the number of people borrowing more money and in larger amounts. This coincided with a decrease in people being able to save for the year ahead with lower income groups one of the most affected groups. At the end of June 2020, 10.8% of adults reported borrowing money, rising to 17.4% in December 2020. Of those, the proportion borrowing more than £1,000 increased from 34.7% to 45.1%.

Research by the Resolution Foundation[42] found that during the crisis more UK households report taking on debt to cover day-to-day costs. The share of respondents with an income fall who reported that they have taken on debt to cover living expenses is significantly higher in the UK (17%) compared to Germany (9%) and France (8%).

JRF research[43] has illustrated how the pandemic has hit the incomes of low-income households with a large majority (87%) of these households now behind with bills they were always or often able to pay in full and on time before the pandemic. Research by the JRF and Save the Children[44] into the experiences

38 Financial Lives 2020 survey: the impact of coronavirus, Financial Conduct Authority, February 2021
Financial Lives 2020 survey: the impact of coronavirus (fca.org.uk)

39 Ibid

40 Ibid

41 Personal and economic well-being in Great Britain: January 2021, Office for National Statistics
Personal and economic well-being in Great Britain - Office for National Statistics (ons.gov.uk)

42 After Shocks, Financial resilience before and during the Covid-19 crisis, Resolution Foundation, April 2021
After shocks • Resolution Foundation

43 Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise, Joseph Rowntree Foundation Briefing, October 2021
Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise | JRF

44 A lifeline for our children: Strengthening the social security system for families with children during this pandemic, Joseph Rowntree Foundation and Save the Children, June 2020
https://www.jrf.org.uk/report/call-stronger-social-security-lifeline-children

of families with children claiming Universal Credit or Child Tax Credits has shown the crisis is causing 7 in 10 of these low-income families to cut back on essentials, 6 in 10 to borrow money and over 5 in 10 to be behind on rent or other essential bills.

StepChange debt advice charity research[45] has shown that 10.6 million people borrowed to make ends meet since the beginning of the pandemic. 2.8 million people borrowed using high-cost credit and 2 in 5 people who borrowed using high-cost credit are experiencing problem debt. Citizens Advice research has also shown that 1 in 9 people (the equivalent of 6 million people across the UK) have reported falling behind on household bills because of Covid.[46]

4.6.1 The impact of Covid on Women's Financial Wellbeing and Debt
It is clear that the economic impact of the pandemic has not been equally distributed and has tended to exacerbate existing inequalities. Women have been more impacted by job losses as a result of the pandemic as they are concentrated in the sectors which have been most affected by the crisis including retail, hospitality and travel. Research has shown that women were about a third more likely to work in a sector that was shut down than men with 17% of female employees in such sectors compared to 13% male.[47]

An analysis of the Financial Conduct Authority's Financial Lives Survey shows that 39% of women (10.3 million) report that they feel their financial situation has worsened between March and October 2020 compared to 37% of men (9.7 million). The FCA note that this is a small but significant difference.

Research by the TUC on the impact of the pandemic on household finances shows that women were more likely to report a drop in disposable income than men (41% compared to 34%), women were more likely to be cutting back on spending as a result of the pandemic (36% compared to 31%) and women were slightly more likely than men to report higher levels of debt (23% compared to 20%).[48]
StepChange research also shows that 30% of women report being negatively affected financially by the pandemic compared to 26% of men.[49] Locally, research by NISRA[50] showed that approximately one in ten people (9%) interviewed in the period July 2020 - January 2021 said they had borrowed more money or used more credit than usual since the Covid outbreak. It also showed that slightly more women (13.6%) than men (11.7%) reported having to borrow more money/use more credit than usual since the outbreak.

45 Stormy Weather, The impact of the Covid-19 pandemic on financial difficulty in January 2021, StepChange, April 2021
https://www.stepchange.org/Portals/0/assets/pdf/Coronavirus-impact-dashboard-January-2021-StepChange.pdf

46 Citizens Advice Press Release, August 2020
Six million fall behind on bills because of coronavirus, with carers, shielders and key workers hardest hit - Citizens Advice

47 Sector shutdowns during the coronavirus crisis: which workers are most exposed?, Institute for Fiscal Studies, April 2020
BN278-Sector-shutdowns-during-the-coronavirus-crisis.pdf (ifs.org.uk)

48 The impact of the pandemic on household finances, TUC, February 2021
January debt report.pdf (tuc.org.uk)

49 Coronavirus and personal debt: a financial recovery strategy for households, StepChange, June 2020
StepChange General Branded

50 NISRA Coronavirus (Covid-19) Opinion Survey, Key Findings from Phases 1 to 8, NISRA
Nisra Coronavirus (Covid-19) Opinion Survey Key Findings – Phases 1 to 8

Research by the Institute for Social and Economic Research at the University of Essex has shown that the economic shocks caused by the pandemic have affected people unevenly across the UK with single mothers and the lowest paid being hardest hit by the loss of income.[51] More recent research by the University of Bristol[52] has also shown that lone parents are one of four groups (including householders with a disability, households receiving Universal Credit and households receiving Universal Credit that had no earners) who have been badly affected financially by the pandemic but have received little or no policy or media attention. This will have undermined their financial resilience to cope with future economic turbulence or life events. The research showed that half of lone parent households (50%) have seen their financial situations deteriorate over the last 18 months.

Gingerbread and StepChange research[53] has shown that Covid has had a negative impact on single parent's household finances compared to couple parents. Half (49%) of single parents reported taking on more debt since the pandemic compared to 44% of couple parents. The average amount of debt held by single parents increased by around 15% during the pandemic compared to around 8% for couple parents (an average of more than £600 in additional debt per household). 22% of single parents reported that temporary increases in the cost of living had negatively impacted their household finances compared to 15% of couple parents.

Further StepChange research shows that 31% of single parents have seen their income fall since March 2020. 33% are showing signs of financial difficulty, 11% are in problem debt, 19% are in arrears on household bills, 31% have experienced hardship, 40% have borrowed to make ends meet and 16% report that they are probably or certainly unable to pay for essentials in the next 12 months.[54]

4.6.2 Government help for Covid
The Government announced a package of measures designed to help borrowers struggling with their finances during the Covid crisis. This included temporary payment deferrals on mortgages, credit cards and personal loans and suspending eviction proceedings. Figures from Which[55] show that by July 2020, 1.8 million people had taken payment breaks on their mortgages, and deferrals had been granted on 1.18 million credit cards and 828,000 loans.

StepChange research[56] has shown that 1 in 4 of those who accessed a credit or mortgage payment holiday are showing signs of being in problem debt. Among those who took a credit payment holiday

51 Single mothers and lowest paid hit hardest by loss of income in Covid-19 crisis, Institute for Social and Economic Research, University of Essex, May 2020
Single mothers and lowest paid hit hardest by loss of income in Covid-19 crisis - Institute for Social and Economic Research (ISER) (essex.ac.uk)

52 Bleak Expectations: the ongoing financial impact of the pandemic, University of Bristol and abrdn Financial Fairness Trust, December 2021
https://www.abrdn.com/docs?editionId=7b294590-da7f-4cd0-99bc-4a7b57c01ee0

53 The single parent debt trap, Gingerbread & StepChange, February 2021
The-single-parent-debt-trap_web.pdf (gingerbread.org.uk)

54 Stormy Weather, The impact of the Covid-19 pandemic on financial difficulty in January 2021, StepChange, April 2021
https://www.stepchange.org/Portals/0/assets/pdf/Coronavirus-impact-dashboard-January-2021-StepChange.pdf

55 https://www.which.co.uk/news/2021/04/covid-19-payment-holiday-applications-close-how-to-get-help-with-your-finances/

56 Stormy Weather, The impact of the Covid-19 pandemic on financial difficulty in January 2021, StepChange, April 2021
https://www.stepchange.org/Portals/0/assets/pdf/Coronavirus-impact-dashboard-January-2021-StepChange.pdf

that has ended 50% say they have resumed payments with difficulty and 23% have subsequently missed repayments.

Despite important Government help introduced to help with the impact of Covid, including the £20/week increase to Universal Credit, there is still overwhelming evidence that levels of deprivation or hardship, or instances of problem debt, worsened during the Covid crisis.[57]

4.6.3 Universal Credit and Covid
As Universal Credit will be the main benefit claimed by those who have lost their jobs, or who have suffered reduced incomes as a result of the pandemic, it is clear that existing issues with this benefit could lead to or exacerbate existing debt problems. Research by the JRF and Save the Children found that 60% of families on Universal Credit and Child Tax Credits have been forced to borrow money since the start of the crisis with many relying on payday loans or credit cards.[58]

Resolution Foundation research[59] shows the extent to which Universal Credit claimants are experiencing financial difficulties. In their survey 31% of all Universal Credit families said they were more in debt now than in February 2020 compared to just 13% across all families. This research found that over one in five new and existing Universal Credit families fell behind on essential bills during the crisis and now owe debt as a result. It also found that existing and new Universal Credit families were more than twice as likely to see increasing levels of debt.

As a result of the Covid pandemic the Government introduced a £20/week increase to the standard allowance of Universal Credit and Tax Credits. However, despite campaigning efforts this increase ended in October 2021. The cut took place at a time of rising costs of living and while the Covid pandemic was still rampant. Research[60] has shown that Northern Ireland will feel the cut to Universal Credit the hardest hitting 36% of local non-pensioner households, the highest of all the UK regions.

A report from the University of Bristol[61] shows the financial outlook is poor for more than eight in ten (83%) of UK households on Universal Credit. Nearly three times as many households in receipt of Universal Credit struggle to pay for food and/or bills (42% compared to 15% of all working age households). Twice as many households in receipt of Universal Credit have to borrow to pay for essentials (35% compared to 16%). Even before the £20/week cut to Universal Credit took effect 68% of households on Universal Credit has seen their financial situation get worse in the last 18 months and four times as many households on Universal Credit were in serious financial difficulty (42%).

57 Social Insecurity: Assessing trends in social security to prepare for the decade of change ahead, The Economy 2030 Inquiry, January 2022
https://economy2030.resolutionfoundation.org/wp-content/uploads/2022/01/Social-Insecurity.pdf

58 Nearly two thirds of families on Universal Credit forced into lockdown debt nightmare, Joseph Rowntree Foundation and Save the Children, June 2020
Nearly two thirds of families on Universal Credit forced into lockdown debt 'nightmare' | JRF

59 The debts that divide us, Resolution Foundation, February 2021
The-debts-that-divide-us.pdf (resolutionfoundation.org)

60 Death by £1000 cuts?, Resolution Foundation, October 2020
1000-cuts.pdf (resolutionfoundation.org)

61 Bleak Expectations: the ongoing financial impact of the pandemic, University of Bristol and abrdn Financial Fairness Trust, December 2021
https://www.abrdn.com/docs?editionId=7b294590-da7f-4cd0-99bc-4a7b57c01ee0

4.7 Cost of Living Crisis

The headline rate of inflation in the UK has risen to 5.4% in January 2022 the highest level in 30 years. JRF analysis shows that the rising price of essentials will pull more people into poverty. Its modelling suggests that if inflation were to stay as high as 5.1% in April 2022 the number of people being pulled into deep poverty would double to around 200,000.[62]

Citizens Advice have warned that low income families, hit by a triple whammy of the £20-a-week Universal Credit cut, soaring energy bills and rising inflation, will face financial hardship. Citizens Advice research[63] on the cost of living crunch reveals that one in ten families (3.2 million households) face financial crisis. It found that even if living on a minimal budget (the financial plan its advisers use to support people through a debt management process) more than 3 million households would be in the red or unable to cover the essentials. It also showed that a further 380,000 households have less than £50 spare each month after covering their basic living costs, putting them at risk of hardship if they faced an unexpected bill.

Latest research by the JRF[64] into UK Poverty in 2022 shows that within the poorest 20% of households, those with children use a higher proportion of their weekly spending on housing, energy, food and clothing. For lone parents the spending makes up 55% of the total and for couple parents it is 51%. These households will therefore feel the impacts of cost living increases more keenly and it will add significant pressure to the already stretched budgets of these families increasing poverty and the likelihood of getting into debt.

4.8 High-Cost Credit

The high-cost credit market is made up of credit products such as credit cards, retail and motor finance, high-cost short-term credit including payday loans, home-collected credit (doorstep lending), rent-to-own, buy now pay later offers, overdrafts and guarantor and logbook loans.

Figures from the Financial Conduct Authority show that in 2017 around 39 million people in the UK had outstanding credit borrowing with 3.1 million customers using high-cost credit products. In January 2018 consumers had £3.9 billion of debt on high-cost credit products excluding overdrafts and retail finance. Consumers also owed £11.3 billion in retail finance debt; some of this is high-cost and mainly comprises store cards, mail order and running account credit. In May 2019, consumers had £7.7 billion in overdraft debt.[65]

StepChange research highlighted that consumers of high cost credit tend to be those on low incomes and if in work they are often in insecure jobs with irregular work patterns.[66] The Financial Conduct

62 Inflation is pushing people deeper into poverty, JRF Blog, December 2021
Inflation is pushing people deeper into poverty | JRF

63 Three million families facing crisis as cost of living crunch bites, Citizens Advice Press Release, November 2021
https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/three-million-families-facing-crisis-as-cost-of-living-crunch-bites/

64 UK Poverty 2022, Joseph Rowntree Foundation, January 2022
https://www.jrf.org.uk/report/uk-poverty-2022

65 High-cost credit review, Financial Conduct Authority, October 2019
https://www.fca.org.uk/firms/high-cost-credit-consumer-credit/high-cost-credit-review

66 The high cost of credit, A discussion paper on affordable credit alternatives, StepChange, July 2017
https://www.stepchange.org/Portals/0/documents/Reports/stepchange-affordable-credit-discussion-paper-july2017.pdf

Authority states that high-cost credit users typically have low credit scores and many do not have savings but may need credit to make ends meet and avoid defaulting on household bills/priority debts. They may also have very limited options for obtaining essential goods or for managing other larger purchases or bills.[67] Resolution Foundation research[68] has reported concern that lower-income households rely more heavily on the most expensive products than higher-income households.

FCA commissioned research[69] showed that convenience and ease-of-use motivated people to use high-cost credit products and that this made these products feel 'approachable', 'safe' and 'friendlier' compared to alternative credit sources. The research identified three key factors that could contribute to consumers becoming regular users of this type of credit – managing finances week by week, lack of perceived choices or options combined with the immediacy of the need for a solution and having a more impulsive attitude to spending.

4.8.1. Illegal Lending

As well as legal forms of high-cost credit there are non-regulated or illegal lenders who operate in local areas often with very high interest rates. These 'loan sharks' are illegal money lenders who makes it their business to profit from lending money but who are not licenced or regulated by the authorities.[70] Loan sharks often prey on those who are more vulnerable or have no alternative other to than to borrow from them. This type of lending often comes with fear of intimidation and physical violence and therefore many people who use this type of lending are fearful of talking about it.

It is estimated that there are 310,000 people in debt to illegal money lenders in the UK.[71] Research by the Financial Conduct Authority shows that this type of lending is most likely to be found in areas of high economic deprivation, particularly within social and rented housing estates with close knit communities.[72] This research also shows that many consumers of illegal lending were on benefits and often in work, but work was low paid or intermittent. A common theme was that these consumers have exhausted all available resources and have a desperate and urgent need for money, often being tipped into using it by a crisis or unexpected particular shortfall in income.[73]

Advice NI believes that illegal lending is prevalent in Northern Ireland however it remains a hidden issue due to the underlying fear and secrecy surrounding this type of credit. Their research on behalf of the

67 High-cost Credit Review - update, Financial Conduct Authority, January 2018
https://www.fca.org.uk/publication/feedback/high-cost-credit-review-update.pdf

68 An outstanding balance? Inequalities in the use – and burden – of consumer credit in the UK, The Resolution Foundation, January 2020
https://www.resolutionfoundation.org/app/uploads/2020/01/An-outstanding-balance.pdf

69 Usage and experiences of High Cost Credit, Consumer research report, PricewaterhouseCoopers, May 2018
https://www.fca.org.uk/publication/research/usage-and-experiences-of-high-cost-credit-consumer-research-report.pdf

70 www.consumercouncil.org.uk/truecost

71 www.stoploansharks.co.uk

72 Shining a light on illegal money lending: consumer experiences of unauthorized lending in the UK, FCA, November 2017
illegal-money-lending-research-report.pdf (fca.org.uk)

73 Ibid

Consumer Council[74] showed that clients who accessed illegal lending were vulnerable. Many suffered from poor health, including mental health and/or addiction issues and for most lack of access to credit, low income or benefit dependency caused them to turn to illegal lending. It was also evident from Advice NI research[75] that there was a strong link between paramilitaries and illegal money lending. This brings an additional layer of secrecy, fear and intimidation.

Research by Ulster University and the Consumer Council[76] suggests that those involved in illegal money lending fall into two broad groups: paramilitaries and 'regular' members of the community. Respondents to this research agreed that money lenders in Northern Ireland must have some form of local influence or legitimacy, which may stem from a paramilitary connection, but must have the ability to carry out enforcement measures in order to settle or recoup the debt, including coercing debtors to facilitate criminal activity. However, the research also acknowledged that it is increasingly difficult to distinguish paramilitarism from the broader illegal economy.

This research[77] also found that Universal Credit was repeatedly described as a driver for illegal lending particularly around the harm caused by the five-week wait and issues with short-term benefits loans that were repaid from future benefits. This ensured that benefit claimants were often short of the funds they needed to support their household leading them to look to other means of getting the money they needed.

The use of high cost credit (both legal and illegal) can have negative impacts on the financial wellbeing of households particularly those on low incomes. Repeated use of high-cost credit, particularly when they are used to meet essential expenditure, puts borrowers at greater risk of falling into financial difficulties and debt. It can lead to spiralling debt problems from which many borrowers find it difficult or impossible to escape.

4.9 Debt and Mental Health

Mental health and money problems are often linked. Living with debt can cause mental health problems and debt can also be caused by having mental health problems. One in two adults with debts has a mental health problem.[78]

Research by the Money and Mental Health Policy Institute[79] has revealed that during the Covid pandemic people with mental health problems faced a much higher risk of financial hardship compared to the wider population. Their findings showed that people with mental health problems were three times more likely to have fallen in to problem debt than the wider population (15% compared to 4%). They were more than twice as likely to have relied on credit or borrowing to cover everyday spending (26% compared to 11%). Most concerning in the findings is that people with mental health problems

74 Illegal Lending – The Human Story, Advice NI, September
Illegal Lending – The Human Story | Advice NI

75 Ibid

76 Illegal Money Lending and Debt Project, Research Report of Findings, Ulster University and the Consumer Council, March 2020
Illegal_Money_Lending_Report.PDF (consumercouncil.org.uk)

77 Ibid

78 Debt and mental health | Royal College of Psychiatrists (rcpsych.ac.uk)

79 The state we're in, Money and mental health in a time of crisis, The Money and Mental Health Policy Institute, November 2021
https://www.moneyandmentalhealth.org/wp-content/uploads/2021/11/The-State-Were-In-Report-Nov21.pdf

are at a high risk of considering suicide when behind on payments. 44% of adults with mental health problems who fell behind on bills last year either considered or attempted to take their own life amounting to 2.5million people in total.[80]

Research by the Trussell Trust shows that the population of people referred to food banks in their network during the pandemic saw an increase in the proportion of people reporting mental health problems from 51% in early 2020 to 72% in mid-2020.[81]

Financial Conduct Authority Covid survey data looking at anxiety levels by gender shows that levels of stress due to negative changes in financial situation were higher among women compared to men (22% compared with 19%) and were generally higher on all measures for women.[82]

Northern Ireland's Mental Health Champion, Professor Siobhán O'Neill has called for a "recovery plan" across society to deal with the impact of the pandemic on mental health.[83] Professor O'Neill has highlighted the groups who are particularly vulnerable to mental health challenges as a result of the pandemic, including young people, women and people with children at home, as well as those with pre-existing medical conditions and those on low incomes.

80 Ibid

81 State of Hunger, Building the evidence on poverty, destitution, and food insecurity in the UK, Year two main report, The Trussell Trust, May 2021
State-of-Hunger-2021-Report-Final.pdf (trusselltrust.org)

82 Gender, personal finances and Covid-19, FCA Insight Article, May 2021
https://www.fca.org.uk/insight/gender-personal-finances-and-covid-19

83 NI's mental health champion calls for 'recovery plan' in aftermath of pandemic, Belfast Telegraph, March 2021
https://www.belfasttelegraph.co.uk/news/northern-ireland/nis-mental-health-champion-calls-for-recovery-plan-in-aftermath-of-pandemic-40212739.html

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