



# MONEY AND MENTAL HEALTH: THE FACTS

## The link between money and mental health

Mental health and money problems are often intricately linked. One problem can feed off the other, creating a vicious cycle of growing financial problems and worsening mental health that is hard to escape. Across England more than 1.5 million people are experiencing both problem debt and mental health problems.<sup>1</sup>

### People in problem debt are significantly more likely to experience mental health problems

- Half (46%) of people in problem debt also have a mental health problem.<sup>2</sup>
- Our national polling found that almost four in ten (39%) people with a mental health problem said their financial situation had worsened their mental health problems.<sup>3</sup>

### People with mental health problems are also more likely to be in problem debt

- Almost one in five (18%) people with mental health problems are in problem debt. People experiencing mental health problems are three and a half times more likely to be in problem debt than people without mental health problems (5%).<sup>4</sup>
- Almost a third (32%) of respondents to national polling conducted for Money and Mental Health said that their mental health problems had made their financial situation worse.<sup>5</sup>

## The cycle of money and mental health problems



Source: Money and Mental Health Policy Institute. 2019.

## How does being in financial difficulty affect your mental health?

- **Financial difficulties are a common cause of stress, and stigma around debt can mean that people struggle to ask for help and can become isolated.** The impact on people's mental health can be particularly severe if they resort to cutting back on essentials, such as heating and eating, or if creditors are aggressive or insensitive when collecting debts.<sup>6</sup>
- **Financial difficulty drastically reduces recovery rates for common mental health conditions.** People with depression and problem debt are 4.2 times more likely to still have depression 18 months later, compared to people without financial difficulty.<sup>7</sup>
- **People in problem debt are three times as likely to have thought about suicide in the past year.** There is rarely one single factor that drives people to take their own life. Instead, typically, a range of social issues, life events, cognitive and personality factors are combined. However, there is a strong link between problem debt and suicide. **More than 100,000 people in England attempt suicide while in problem debt each year.**<sup>8</sup>

## How does having a mental health problem affect your finances?

### Income

- **The income gap for those with mental health problems is significant.** People with anxiety and depression have a median gross annual income of £8,400 less than that of people without those conditions.<sup>9</sup>
- **Less than half of people with mental health problems in the UK were in employment in 2018/19 compared to four in five of those without mental health problems (48% vs 79%).** When in work, people with mental health problems are more likely to work part-time (37% vs 24%), and are overrepresented in low paying roles. More than one in three (37%) of those in work who have a mental health problem are in the three lowest-paid occupational groups, in contrast to one in four (26%) of those who have not had mental health problems.<sup>10</sup>
- **People with mental health problems are more likely to receive benefits,** which provide a low level of financial support.<sup>11</sup> A third of Housing Benefit claimants (35%) and nearly half (47%) of adults aged 16-64 in receipt of some kind of out-of-work benefit have a common mental disorder, such as depression or generalised anxiety disorder. This rises to two thirds (66%) of people claiming Employment and Support Allowance (ESA), a benefit aimed at those unable to work due to poor health or disability.<sup>12</sup>
- **Acute episodes of mental health problems can disrupt incomes too.** People can struggle to attend work, maintain their benefit claims, or keep on top of managing their money. In England in 2018, 23,000 people were struggling with problem debt whilst in hospital for their mental health, with thousands more managing debt in the care of a crisis team in the community.<sup>13</sup>

### Expenditure

- **Common symptoms of mental health problems, such as increased impulsivity and memory problems, can make it harder to keep on top of financial management or to get a good deal in complex markets, increasing the likelihood of financial difficulty.**<sup>14</sup>

- **Many people with mental health problems report that their spending patterns and ability to make financial decisions change significantly during poor mental health periods.** Recent national polling of people with mental health problems found that, while unwell six in ten (63%) people found it harder to make financial decisions, 42% put off paying bills and 38% took out a loan that they would not otherwise have taken out.<sup>15</sup>
- **Three in ten people with mental health problems (29%) reported that they would only be able to make ends meet for less than a month if their household lost its main source of income.** This was double the rate of people who had never experienced a mental health problem (14%).<sup>16</sup>

### Accessing essential services

- **Mental health problems can also make it harder to engage with essential services, such as banks and energy companies.** People can struggle to understand bills and remember account details, leading to financial difficulties and distress. More than one in three (37%) people who have experienced mental health problems experience significant anxiety levels when dealing with essential services, including symptoms such as a racing heart or trouble breathing.<sup>17</sup>
- **Communicating with essential service providers can be particularly challenging.** In national polling, three quarters (76%) of people with mental health problems found at least one communication channel difficult, with four in ten people (41%) saying they find it difficult or distressing to make phone calls. When alternative communication channels are not offered, this can prevent people from accessing support and addressing financial problems early.<sup>18</sup>

## Support services have a key role in tackling financial difficulties for people with mental health problems

- **Health and social care services can play an important part in identifying people with mental health problems who are also experiencing financial difficulties,** but opportunities to spot people who would benefit from support are often missed. Only one in five (22%) of people with mental health problems had spoken to a GP, social worker or mental health nurse about how their finances affect their mental health<sup>19</sup>, with less than three in ten (28%) reporting that they had been proactively asked about their finances.<sup>20</sup>
- **Debt advice services can also serve as a lifeline to people with problem debt,** but many people with mental health problems struggle to access debt advice and need greater flexibility in the system to support them to get the vital help they need.<sup>21</sup>

## Footnotes

- <sup>1</sup> Holkar M. Mental health problems and financial difficulty. Money and Mental Health Policy Institute. 2019. Derived from Adult Psychiatric Morbidity Survey 2014: covers England only.
- <sup>2</sup> Ibid.
- <sup>3</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.
- <sup>4</sup> Holkar M. Mental health problems and financial difficulty. Money and Mental Health Policy Institute. 2019. Derived from Adult Psychiatric Morbidity Survey 2014: covers England only.
- <sup>5</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.
- <sup>6</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.
- <sup>7</sup> Skapinakis P, Weich S, Lewis G, et al. Socio-economic position and common mental disorders: Longitudinal study in the general population in the UK. British Journal of Psychiatry 2006; 189: 109-117. Derived from Adult Psychiatric Morbidity Survey 2000 and follow-up, covering Great Britain.
- <sup>8</sup> Money and Mental Health analysis of NatCen analysis of APMS 2014 and ONS mid-year population estimates 2017.
- <sup>9</sup> NatCen analysis of NHS Digital, Adult Psychiatric Morbidity Survey, 2014. Because the APMS was last conducted in 2014, we adjust these figures in line with CPI inflation to estimate the gap in 2020 prices.
- <sup>10</sup> Money and Mental Health analysis of ONS, Labour Force Survey, Q1 2018 - Q4 2019.
- <sup>11</sup> Bond N and D'Arcy C. Income in crisis. Money and Mental Health Policy Institute. 2020.
- <sup>12</sup> Ibid.
- <sup>13</sup> Bond N, Braverman R and Clarke T. Recovery space. Money and Mental Health Policy Institute. 2018.
- <sup>14</sup> Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.
- <sup>15</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.
- <sup>16</sup> Bond and D'Arcy. Income in crisis. Money and Mental Health Policy Institute. 2020.
- <sup>17</sup> Holkar M, Evans K and Langston K. Access essentials. Money and Mental Health Policy Institute. 2018. Derived from Populus UK-wide online survey of 2,078 people, [moneyandmentalhealth.org](https://www.moneyandmentalhealth.org)
- weighted to be nationally representative.
- <sup>18</sup> Bond N and D'Arcy C. The state we're in. Money and Mental Health. 2021.
- <sup>19</sup> Ibid.
- <sup>20</sup> Ibid.
- <sup>21</sup> Bond N and Holkar M. Help along the way. Money and Mental Health Policy Institute. 2020.