Financial Health.
It's in our DNA.

Making ends meet: who is paying the price?

Equifax Financial Health Report 2024

Foreword

In the pages that follow, we delve beyond the numbers and statistics to uncover the human narratives that lie at the heart of the current economic landscape.

Amidst the data-driven analysis and trend projections, it's crucial to remember that behind every figure, there's a personal story of resilience, struggle and adaptation.

Through the voices of our partners, clients and consumers, we aim to shed light on the real-world impact of economic shifts, revealing the challenges faced, the strategies employed, and the triumphs achieved in navigating financial uncertainties.

These stories serve as poignant reminders of the diverse experiences shaping our financial ecosystem, reinforcing our commitment to understanding and addressing the multifaceted aspects of financial health.

Every day, we use the power of data to help people and companies work through cost of living pressures, protect financially vulnerable customers, and build a clearer picture of affordability. So collectively, we can live our financial best.

Financial Health. It's in our DNA.

Patricio Remon
Equifax President,
Europe

Contents

Executive Summary

After a year of price hikes and pay rises, our 2024 report delves deeper into the aftermath of the cost of living crisis and the resilience of consumers amidst the mortgage shock.

This report draws on a unique mix of data to ask: What's really happening to the financial health of people in Britain? Through the lens of our clients, partners, and industry experts, we explore the human stories behind the statistics, shedding light on the path to financial recovery in the UK.

Last year we created our first financial health report - this pulled together insights from Equifax and TDX Group along with key collaborators to offer a picture of the nation's financial health. This year's report aims to reflect upon previous observations, bring new insight and challenge us as an industry to strive for better.

Last year's report gave us a snapshot of the impact on consumers off the back of the cost of living crisis, and specifically the impact on people in problem debt. It highlighted the changing face of vulnerability with younger people facing higher essential living costs, such as higher loan to value mortgages, child care fees and those with low financial resilience experiencing the biggest challenges.

So what have we found a year on?

The macro economic situation has somewhat stabilised, with inflation rates dropping and wage growth outstripping inflation in recent months meaning some consumers are more able to afford their bills and credit repayments.

But that doesn't tell the whole story, with those in lower income brackets still struggling with key costs like energy, which despite falling hugely from their peak, remain significantly higher than three years ago.

On the whole, consumers have effectively navigated these economic challenges, with arrears levels on unsecured products in particular remaining relatively stable. Consumers are evidently adapting their credit consumption habits, and the rapid growth of Buy Now Pay Later specifically, reflects its huge popularity with consumers.

*Source: FCA Mortgage Charter Information Request. **Source: Equifax 2024.***Source: Advantis.

In December '23 BNPL payments increased by **21%**

Many consumers have taken steps to reconfigure their finances and control costs in the face of rising inflation. One significant example is consumers are now taking out longer term mortgages to manage the costs associated with rate rises.

123k mortgages have been temporarily switched to interest only or had a term extension.*

However, this of course comes with a price tag of paying more interest over the lifetime of these agreements, and for many, the prospect of repayment obligations continuing beyond retirement age.

Despite these best efforts by consumers to mitigate the impacts of inflation and higher interest rates, we see increased arrears levels in both the mortgage and auto lending markets, and some early signs of increased reliance on credit cards.

55% increase in average new lending mortgage repayments since January 2022.**

Our Financial Vulnerability Index has unsurprisingly been flagging more consumers as financially vulnerable over the years, peaking in 2023. In response, we are working with our clients to keep improving how well they understand what each consumer can afford to pay, and the repayment options they offer to those in debt.

Learning from the 2m conversations had with consumers through TDX group, an increase of 10% on the prior year.**

Another challenge we have seen are signs of a gender divide, where many women have lower salaries than men, accompanied by more household expenses for young families. This combination increases the risk of falling into problem debt, with women taking longer to pay off their debts despite having balances which are 30% lower than men on average.***

At Equifax, we have been working more closely than ever with our clients to provide the best possible data, technology and analytics to help them understand their consumers' current financial health. Whether that be at the point of application to drive financial inclusion, managing existing consumers in line with new Consumer Duty regulations or helping them identify and support consumers going through the debt recovery process.

Our purpose is to help people live at their financial best, and our directive last year was to work smarter with data, work better together to help businesses make more confident decisions about their consumers, and drive financial inclusion and success.

Not just for today, but for the next generation too.

Our journey is well underway.
We hope that you will join us.

Craig Tebbutt
Chief Strategy & Innovation Officer

Section 1

State of the Nation

[1] BBC News, *Bankrupt Birmingham: Why the council went bust.* [2] Statistics released by the Department for Levelling Up, Housing, and Communities. [3] Department for Levelling Up, Housing, and Communities, *The Referendums Relating to Council Tax Increases (Principles) (England) Report 2024-2025;* House of Commons Library, *Council tax: local referendums (2023).*

Reflecting on our macro prediction from the 2023 report:

"We expect households' disposable income to keep falling in 2023. This will mean more consumers are likely to fall behind on commitments such as telecoms and loan repayments as they try to prioritise their budgets."

Snapshot of Consumer Affordability

- In 2023, consumers faced significant challenges due to inflation exceeding 10%, outpacing earnings growth.
- Despite this, a shift occurred in Q3 of 2023, with inflation declining and wage growth surpassing inflation.
- Wage increases, driven by factors like the National Living Wage and competitive labour markets helped alleviate financial strain for some demographics.

In recent years, local authorities have come under increasing financial pressure, which has resulted in several high-profile cases of councils declaring themselves effectively bankrupt.[1] Accompanying this has been a series of significant rises in council tax as others try to stave off the same difficulty.

Almost all councils – albeit with a few exceptions - have opted to raise their council tax by the maximum amount allowed without holding a referendum, which itself has been at a heightened level over the last few years.[2] The Department for Levelling Up, Housing and Communities has allowed county, unitary, and district councils to raise their tax by 3% for 2023-2024, above the customary 2%. Many years of this measure, punctuated by a few years of restraint prompted by Covid-19 and the cost-of-living crisis, makes it increasingly look like the new normal.[3]

What is increasingly clear is that many households are finding it difficult to pay their bills. In a world where more people can't pay rather than won't pay – collection practices will have to adjust to ensure vulnerable customers are helped to pay their bills while still achieving value for money for the taxpayer.

Future Outlook

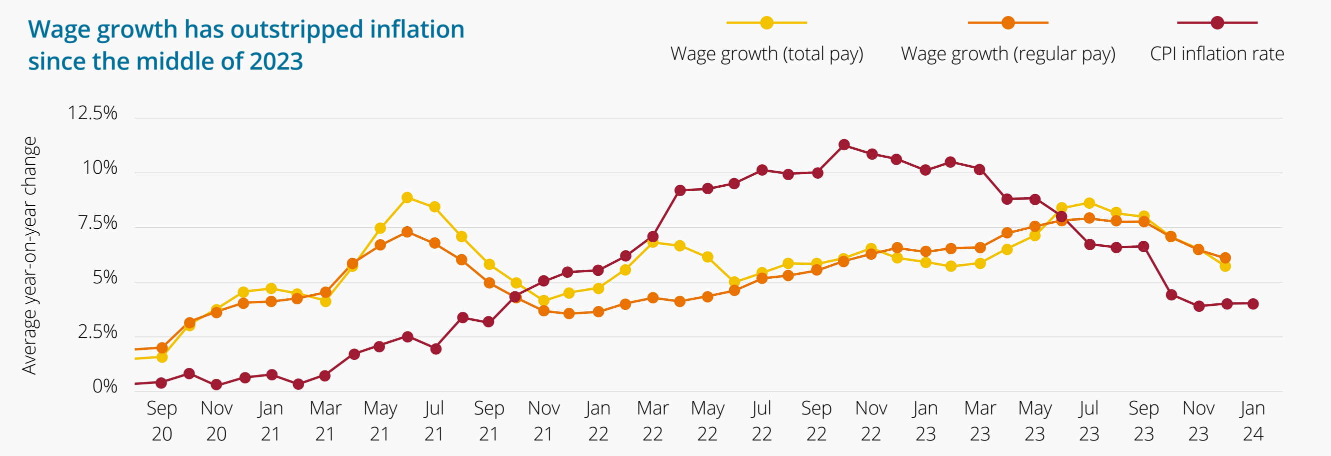
- The Bank of England (BOE) projects a moderation in wage growth and anticipates a rise in unemployment.
- The base rate has remained stable at 5.25% as the BOE works towards its 2% inflation target.

Key Takeaways

Despite recent improvements in underlying economic factors, challenges persist in maintaining consumer affordability.

Ongoing monitoring of economic indicators is crucial for understanding trends in financial health.

Veselina Coleman
Analytical Consultant



Wage growth has outstripped inflation since the middle of 2023

*Source: Equifax 2024

What is the data telling us?

More people are maxing out: 10% rise in the last year of active credit cards with at least 90% utilisation.

More people are deferring the mortgage shock: Mortgages with loan terms in excess of 35 years now account for **10%** of the market with people prioritising short-term costs and affordability.*

More people are taking control of their debt: Nearly 2m conversations were had with TDX customers - across digital and telephone - an increase of **10%** on the prior year.

10%

Consumer Credit

Overall, consumers have demonstrated considerable resilience in coping with mounting financial pressures arising from heightened inflation and interest rates.

Most consumers have upheld their repayment commitments across various financial products. However, there are two notable exceptions to this trend: increased arrears levels in the mortgage and motor finance sectors. These trends can be attributed to the direct impacts of broader economic factors, such as rising interest rates leading to higher mortgage repayments, and supply issues affecting costs in the motor finance sector.

Regarding revolving credit, while there is little evidence of consumers struggling to meet their monthly repayment obligations, there are early indications of growing credit reliance. During the pandemic years, changes in consumer spending patterns allowed some groups to accumulate savings and reduce existing unsecured debt levels. However, this financial headroom may now be diminishing due to various cost pressures faced by consumers.

Paul Heywood
Chief Data & Analytics Officer

Total outstanding credit card debt has been steadily increasing since late-2021, rising by 9.7% in 2023 to reach £67.4 billion by the end of the year.

Although the total number of credit cards in use has also grown by 2.6% during the same period, a concerning trend is observed in utilisation rates. The number of active cards with at least 90% utilisation has increased 10%, accompanied by a similar rise in cards at or exceeding their credit limits.

Alongside the rise in credit card debt, there is evidence of consumers depleting previously accumulated savings. UK Finance data indicates eleven consecutive months of decline in personal deposit account funds throughout 2023.

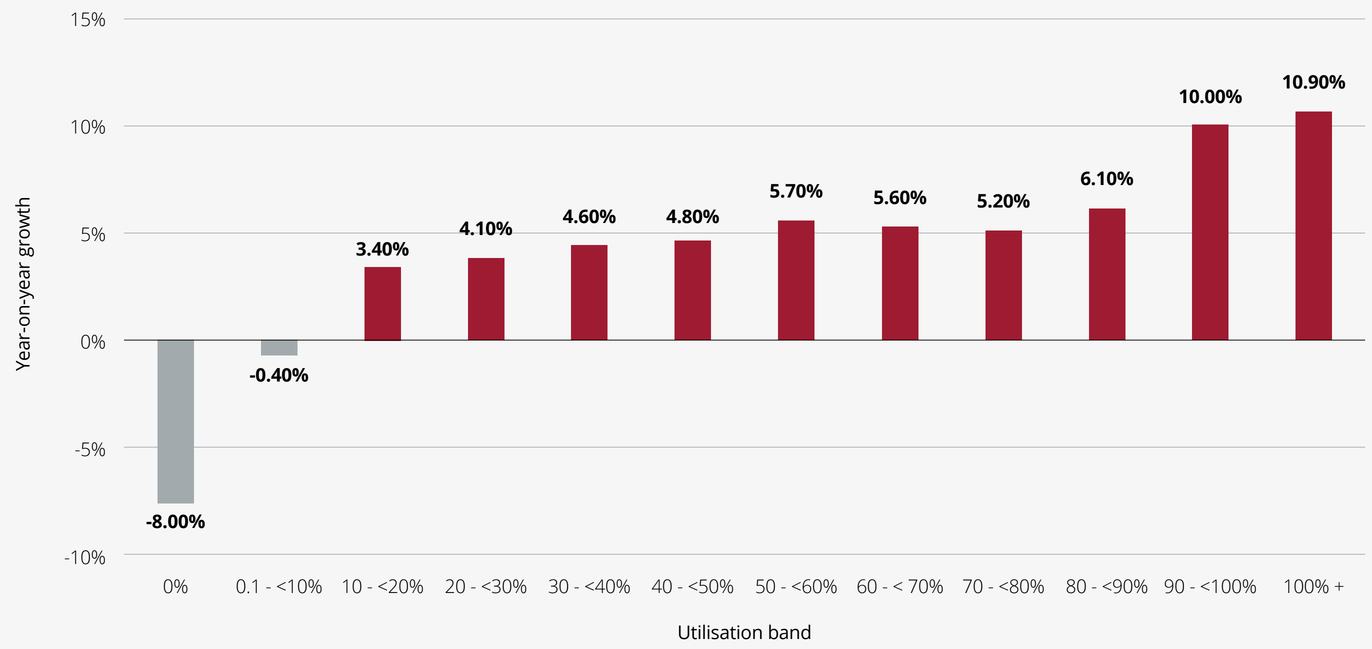
10% increase in active credit cards with at least 90% utilisation.

*Active Credit Cards = any financial activity in the last 3 months.

Data sources: Equifax 2024.

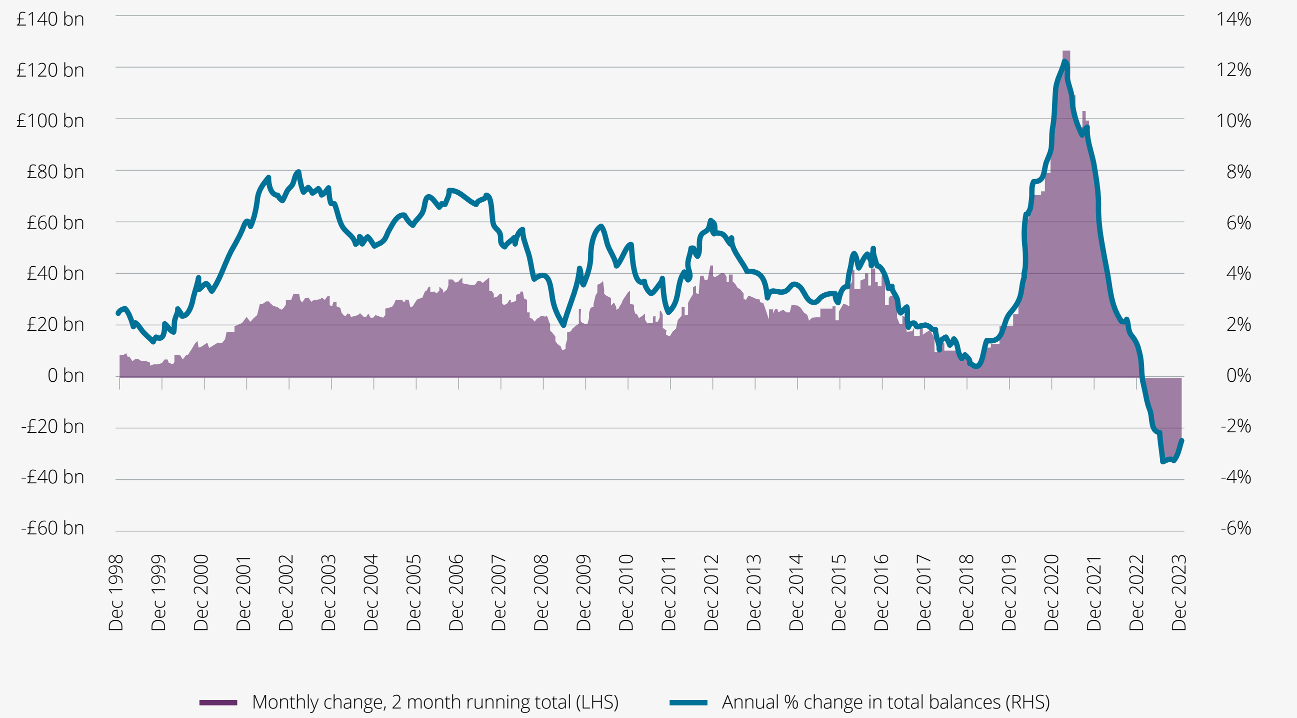
Year-on-year change in active credit card*

Volumes by utilisation band (Dec 2023).



Monthly change in personal deposit account, 12 month running total

2023 saw the first net withdrawals from current accounts this century, following the significant deposits built up during the pandemic.



*Source: https://literacytrust.org.uk/parents-and-families/adult-literacy/
**Source: https://www.fca.org.uk/publication/research/borrowers-in-financial-difficulty-following-coronavirus-pandemic-key-findings.pdf

Debt Services

Through TDX Group's managed services, we have seen nearly 5 million consumers through our collections and recoveries business, which is approximately 10% of the adult population.

This encompasses a vast range of debts and consumer types, from household brands in utilities and telcos through to financial services and government departments. Our utilisation of data, practitioner expertise and breadth of supplier relationships is all designed to deliver better outcomes for those in debt. With nearly 2 million conversations held in the last 12 months, and having collected over £1.1bn, it gives us a unique insight into the financial health of those consumers that have gone into an arrears situation.

Throughout the ongoing cost of living crisis, we have sustained repayment amounts and breakage rates, keeping them stable for our clients and their customers. Whilst overall debt being referred to us has seen consistency across many data points, there has been a slight increase in the older population (over 55) entering recoveries, aligning with trends observed in other arrears sectors like mortgages. Using the mortgage market as an indicator of consumer behaviour, we expect that consumers have, on the whole, been able to make adjustments to their finances and avoid further debt, but is this sustainable?

Looking across all sectors, year-on-year, we have seen increases in the number of payments processed (3%) and conversations held (10%), per account. This indicates a strong inclination for individuals to address their financial challenges and fulfil their obligations. In 2023, to further optimise the 19 million letters we send each year, we started utilising a partner platform powered by AI to make them simpler to understand - taking into account that **"1 in 6 adults in England have very poor literacy skills*"** - reducing barriers to engagement. In 2024 we're aiming to bring this approach into all of our communications.

Our Financial Vulnerability Index has identified more consumers as financially vulnerable over the years, peaking in 2023. Proactive identification of consumers in a financially perilous situation is the first step - but the key is to then take appropriate action to enable a positive outcome. We continue to work with our suppliers to build appropriate treatment paths and tailored journeys and evolve the remuneration methods and monitoring.

The Consumer Duty introduced significant new regulation in 2023 with a core focus on delivering good consumer outcomes, and with its repercussions felt beyond financial services. A key action was that we enhanced our DCA Call Handler Guidlines in line with the new requirements, focusing more on how agents can practically meet the needs of the consumer whilst still positively maintaining collections.

Greater focus areas include:
Affordability reviews; enhancing the questions and framing used; directly linked to FCA paper** recommendations: ensuring sustainable plans and reducing breakage.

Handling difficult calls; where consumers are abusive or threatening; providing agents with tools to turn the calls around positively. How and when to professionally end a call and seek support.

Communication challenges; refreshed guidance on those with hearing or sight problems or language barriers. Better defines how to communicate with consumers, such as moving to digital options and removing barriers.

Chantelle Tomkinson
Head of Outsourced Supplier Quality

*Source: UK Finance 2024. **Source: Equifax 2024. ***Source: FCA 2024.
†Source: https://www.theguardian.com/money/2023/jun/17/uk-homeowners-face-huge-rise-in-payments-when-fixed-rate-mortgages-expire

Mortgage Deep Dive

For more information visit:
https://www.ukfinance.org.uk/news-and-insight/press-release/uk-finance-mortgage-data

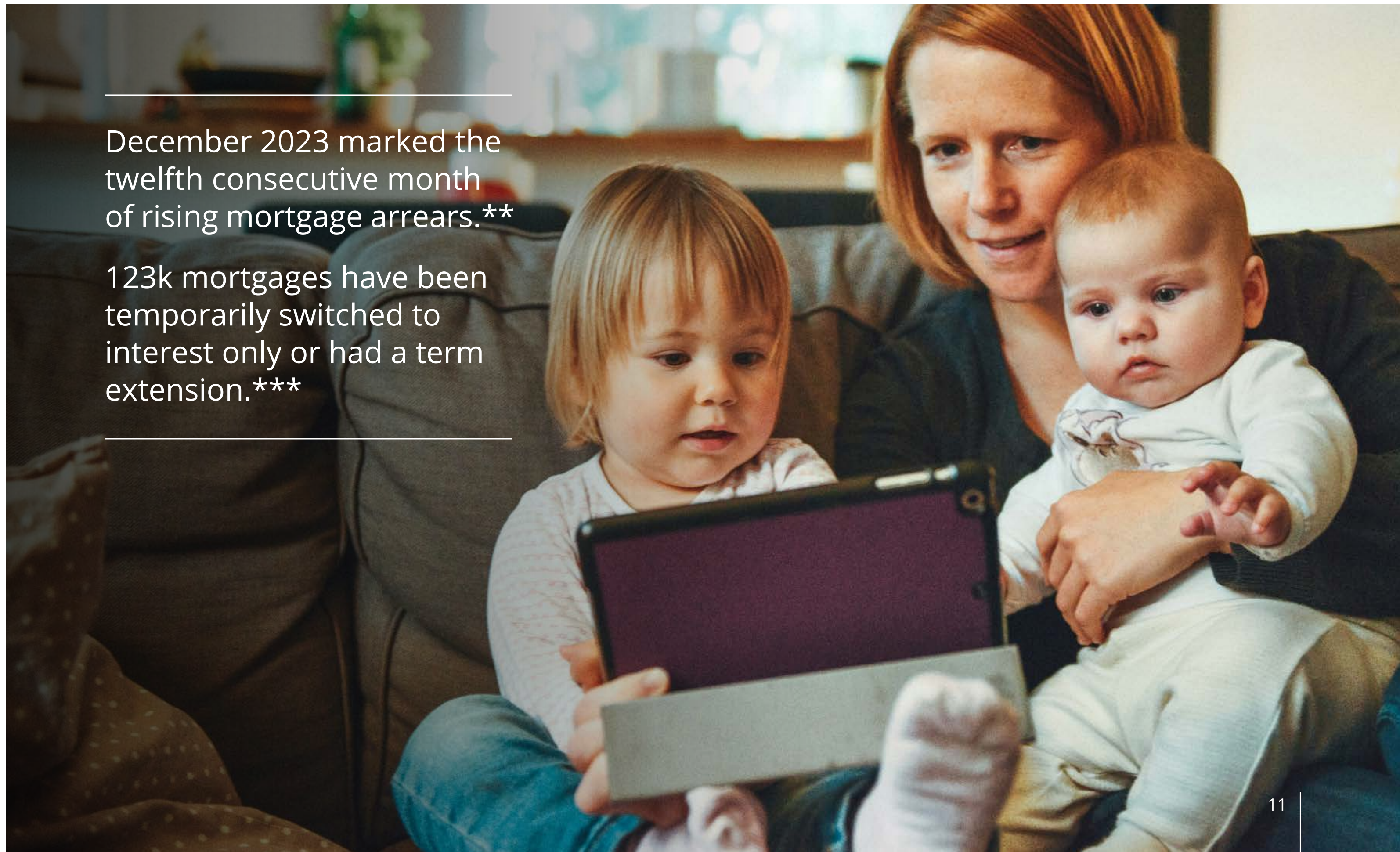
The prevailing environment of elevated interest rates has led to a decline in new mortgage originations, down 29% compared to the previous year. This decrease, driven in part by reduced demand, is exacerbated by higher repayment costs associated with new mortgages. Many consumers find it challenging to meet affordability criteria, especially considering the broader inflationary pressures on household expenses.

According to Bank of England data, 1.5m mortgages exited their fixed-rate periods in 2023, with a further 1.6 million deals to follow throughout 2024†.

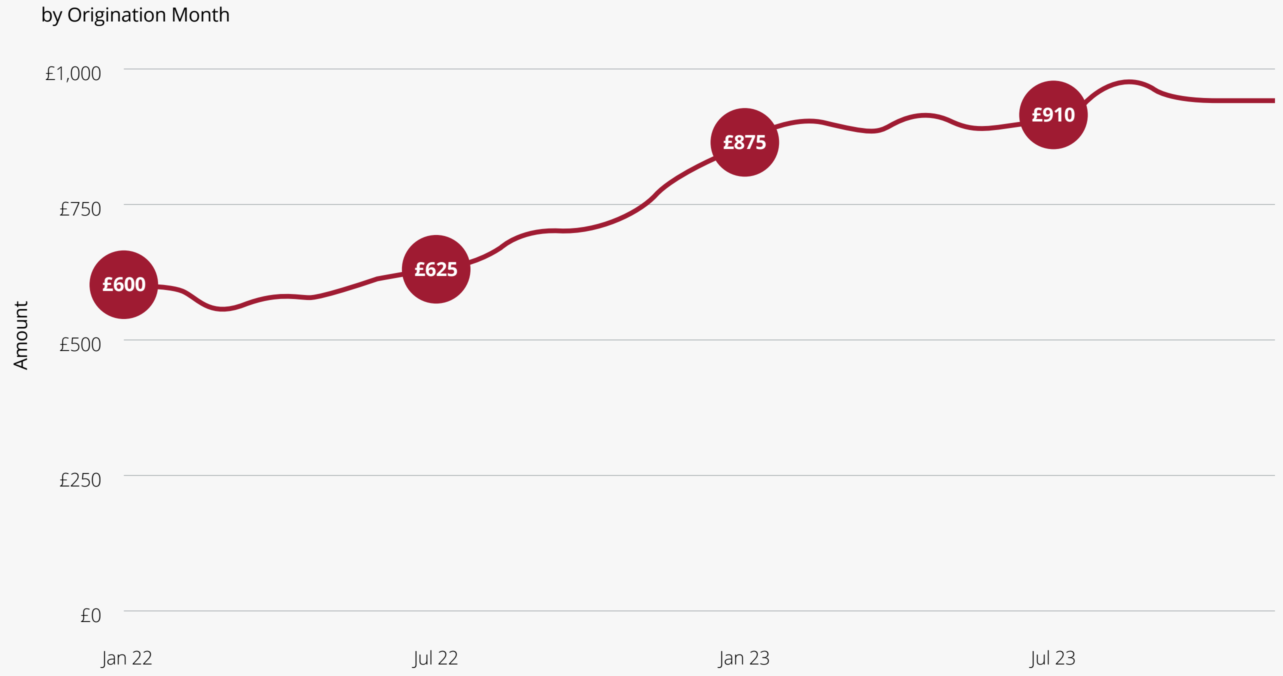
The introduction of the Mortgage Charter in June 2023 provided some relief to consumers struggling with rising costs. According to FCA data, between July and December 2023, 107,972 mortgages benefited from reduced payments through temporary shifts to interest-only terms or term extensions.

In response to the Bank of England's commitment to curbing inflation, the UK has witnessed a tightening financial environment. With the base rate currently at a 16-year high of 5.25%, the mortgage market has experienced significant repercussions.

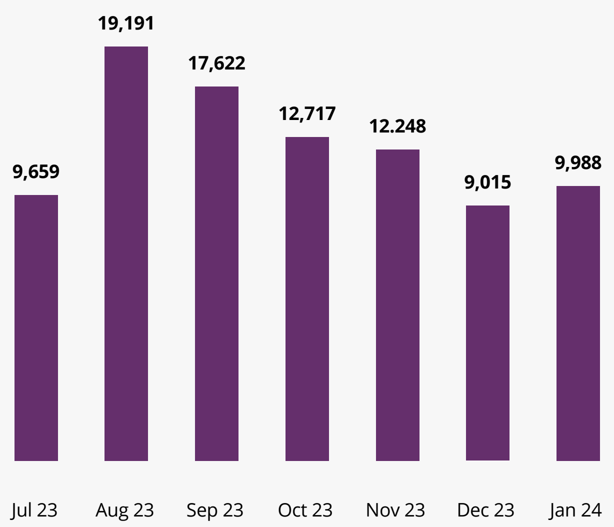
Over 1.6m mortgages come to the end of their fixed rate period in 2024 and are likely to see substantial increases in monthly repayments.*



New mortgage lending:
Average contractual repayments have increased by over 50% since 2022.

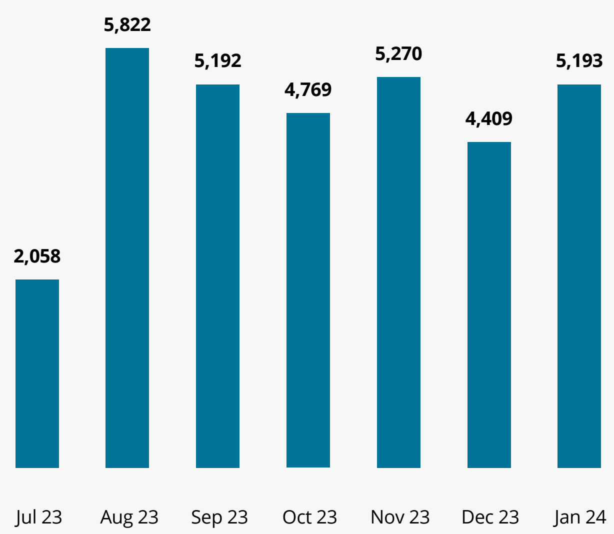


Number of mortgages switches temporarily to interest only payments



Source: FCA Mortgage Charter Information Request

Mortgages newly obtaining a term extension



Source: FCA Mortgage Charter Information Request

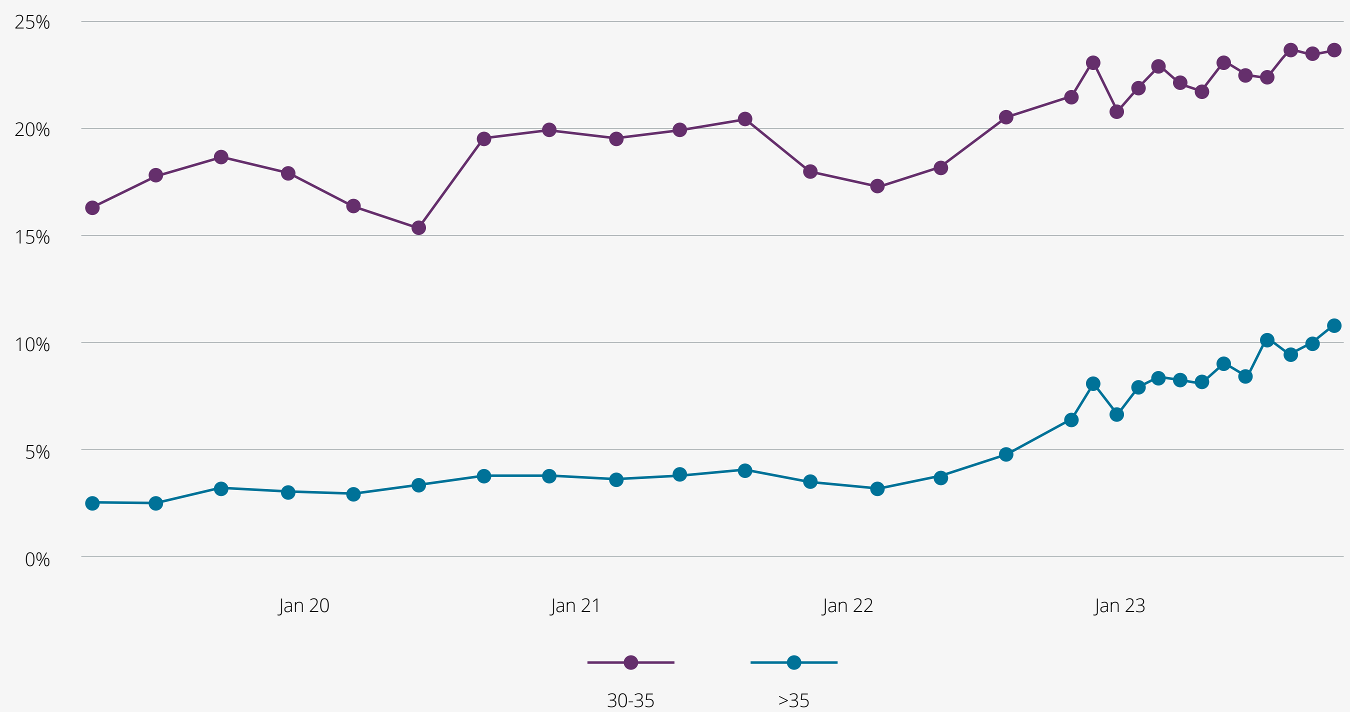
Analysis of Equifax's mortgage originations data suggests a shift in consumer preferences towards longer loan terms: By November 2023, over 10% exceeded 35 years, a substantial increase compared to pre-rate hike levels. However, while extending loan terms may offer short-term cost reductions, it raises concerns about longer-term financial implications. For instance, extending a £250,000 mortgage from 25 to 35 years at a 4% interest rate could result in an additional £69,036 in interest payments over the loan's lifetime.

Despite proactive measures, such as mortgage adjustments, the strain of increased mortgage repayments has started affecting some consumers' repayment abilities. December marked the twelfth consecutive month of rising mortgage arrears.

Notably, older age groups, particularly those over 55, have experienced the highest growth in mortgage arrears rates.

Limited mitigation options for older borrowers nearing retirement may contribute to this trend, as lenders may be hesitant to extend loans for those already committed to repayments later in life.

Significant growth in the % of mortgage originations with loan terms of 30+ years



*Source: TDX Group for new IVAs per origination year.

What's happening in the insolvency market?

The insolvency market is experiencing notable shifts in both the solutions utilised and the providers involved. Several factors are contributing to these changes, each with its own level of influence.

Notably, four of the top 10 IVA (Individual Voluntary Arrangement) volume firms in 2022 have ceased proposing new cases. Additionally, in 2023, the FCA banned referral fees for packaged IVAs, eliminating a business model that prioritised profits over customer interests.

These developments are shaping the solutions being utilised. Debt Relief Orders (DROs) are on the rise, especially with recent budget adjustments eliminating application fees and increasing the debt cap to £50,000. While this may not significantly impact the interplay between DROs and IVAs, it sustains the record DRO volumes observed.

Based on our data through The Insolvency Exchange (TIX), less than 1% of the IVAs set up in the last 12 months would now qualify as a DRO.

The proportion of personal insolvencies accounted for by IVAs has decreased from 75% to around 55%. Meaning, consumers' financial profiles have evolved, with disposable income rising by 10% and a shift away from 'low-value' IVAs towards more suitable solutions, reflected in the increased DRO volumes.

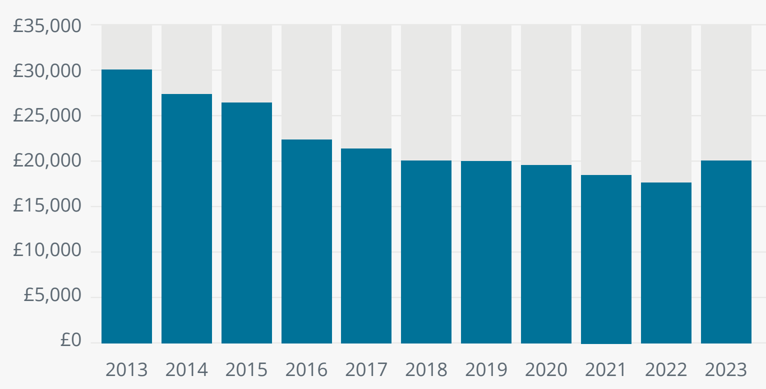
For Chief Financial Officers, there's positive news as well, with the dividend rate increasing to 27p/£, nearly 10% higher year-on-year.

Through TIX we continue to collaborate with providers, regulators, and clients to drive positive, sustainable change in the insolvency market. As an independent intermediary, TDX Group strives to deliver good outcomes for consumers that also optimises creditor returns. However we also recognise the challenges the industry is facing to ensure sustainability, and we are working collaboratively with IPs (Insolvency Practitioners) and regulators to achieve the right balance, ensuring in the long term that consumers still have the ability to access the right insolvency solution for them.

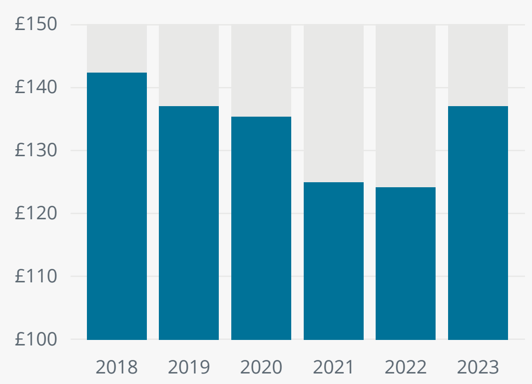
Looking ahead, the IVA protocol is under review, and a broader outlook of the insolvency framework is expected after the next general election. Regulatory reforms, including legislative changes for firm-level regulation and adjustments to bonding/insurance requirements, are also anticipated.

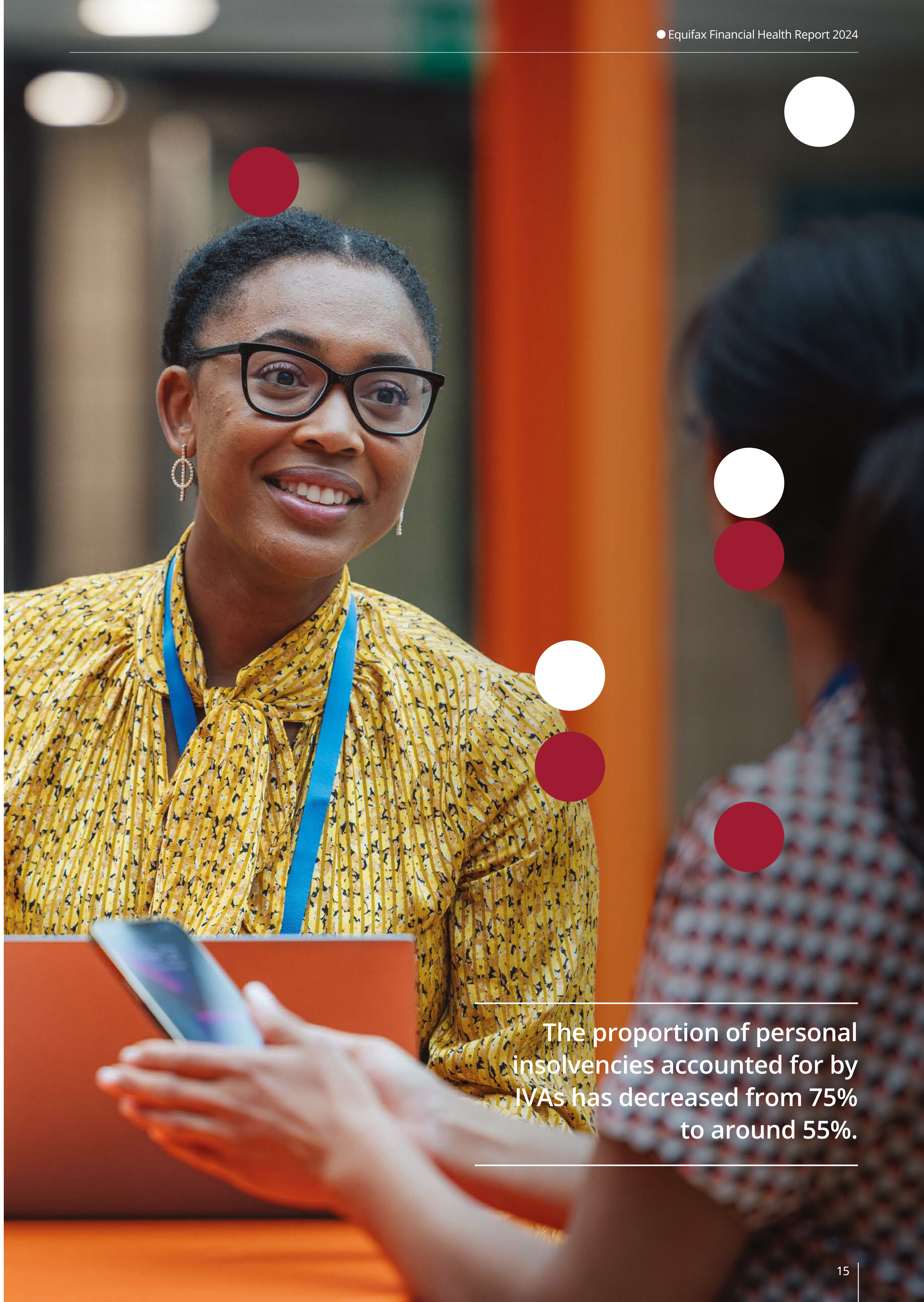
Dave Heathcote
Supplier Management and Insolvency Director

*Total debt levels



Disposable income





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The proportion of personal insolvencies accounted for by IVAs has decreased from 75% to around 55%.

Section 2

Mind the gender gap

Equifax Financial Health Report 2024

Expert view

The Centre for Social Justice

The economic challenges of recent years have tested Britain's resilience. The skyrocket in inflation has taken its toll on households, particularly those with lower incomes, who spend a larger portion of their budgets on essentials like energy and fuel.

To counter inflation, the Bank of England has embarked on a sustained period of interest rate increases, with rates rising 14 times to 5.25% since December 2021. However, the Bank's cautious approach casts uncertainty on future rate cuts, despite economists' expectations.

Households' responses to heightened interest rates vary. While heavily indebted households face higher interest repayments, those with substantial savings reap greater returns.

Despite the pain felt by many from higher interest rates, the UK has temporarily found itself in a unique position. Aggregate household balance sheets have significantly improved since the 2008 financial crisis, bolstered by reduced debt and pandemic-induced savings. Additionally, the slower transmission of interest rate increases to mortgages has benefited households with improved savings rates, while avoiding higher mortgage payments.

However, this beneficial situation is unlikely to last. Many households are set to renew their mortgages in 2024, facing increased costs as rates remain elevated. Importantly, few vulnerable households have benefited from these conditions. The bottom 10% of households have few savings, with evidence suggesting reliance on credit for daily expenses like food.

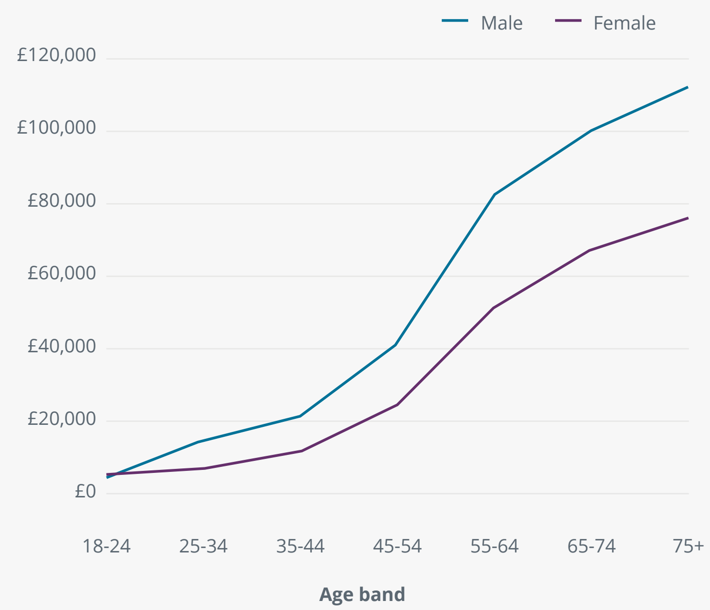
Gender disparities in financial resilience exacerbate the situation. Women report limited savings more frequently than men, and men tend to accumulate larger investable assets as they age.

This gender gap widens over time, with a 38% difference in savings between men and women by the age of 75.

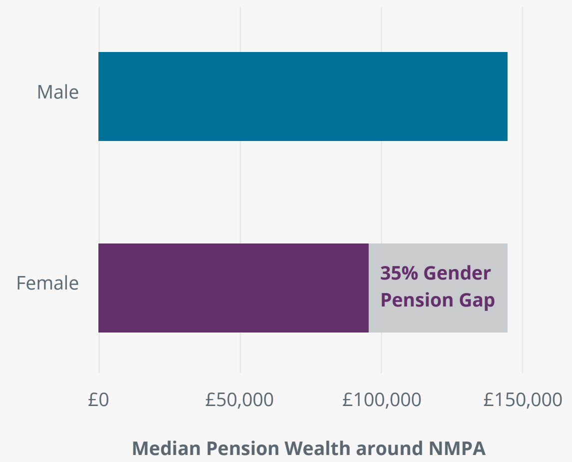
This scenario implies that women may have been less able to take advantage of the increased interest rates we are currently witnessing. Having a savings buffer is crucial for financial well-being as it enables consumers to manage their incomes and cope with inevitable downturns in their lives. This discrepancy suggests that the slight positive aspect accompanying this period of economic instability has not been distributed equally.

Matthew Greenwood,
Head of Debt,
Centre for Social Justice

Investable Assets



Median pension wealth around normal minimum pension age (NMPA) in 2018 to 2020



Source: DWP estimates derived from the ONS Wealth and Assets Survey, GB, 2018 -2020

Pension Pay Gap

According to the most recent data spanning from 2018 to 2020, the Gender Pensions Gap in private pensions is reported at 35%. However, when focusing solely on those eligible for automatic enrolment, the gap narrows slightly to 32%. The Gender Pensions Gap exhibits variation across different age groups, with the lowest gap observed among individuals in their thirties, which often coincides with the years dedicated to child-rearing responsibilities.

Gender Disparities in Debt Repayment

The data from Advantis, a debt collection agency, sheds light on how debt affects men and women differently. Despite men owing a significantly higher amount of debt than women, they are more capable of repaying it at a faster rate.

Women hold 45% of the debt accounts but only 36% of the total debt balances, with women's average balances being 30% lower than men's (£957 vs £1,373).

Men and women show similar levels of engagement with debt collection at around 26%.

Women are slightly more likely to make payments, with 17.7% of women's accounts receiving payments compared to 16.5% of men's accounts, which initially appears positive for women.

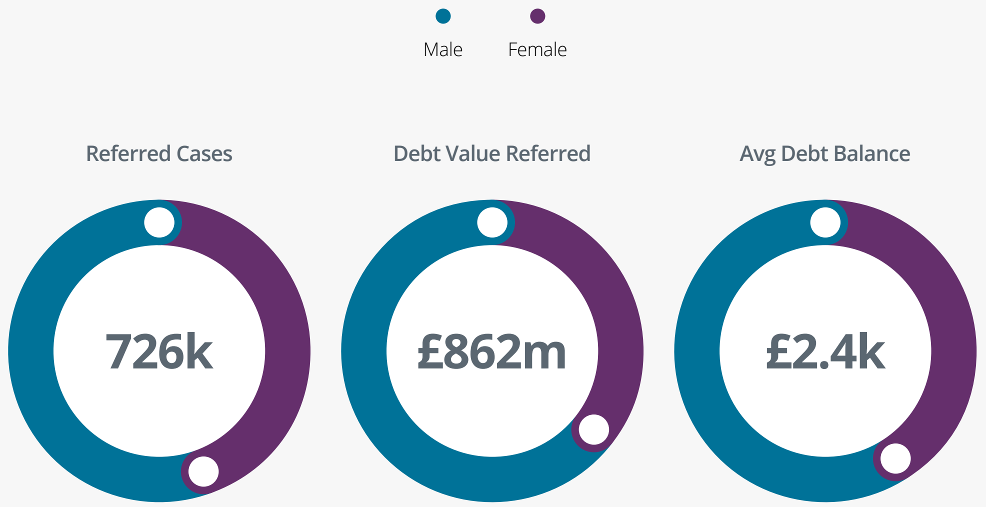
However, due to women on average having lower disposable incomes than men, Advantis observes a lower liquidation rate for women (9.3% compared to 11% for men). On average, women pay off £89 of their debt compared to men paying off £151, a 70% higher rate of debt pay down.

Consequently, despite having lower balances, women tend to remain in debt for longer periods as they are paying off their debt at a slower rate due to their lower disposable income. We've launched 'Not the Women's Network' with this in mind to work in collaboration across the financial services industry to foster connections, provide support, and ultimately lead change in the financial services industry for our colleagues and consumers.

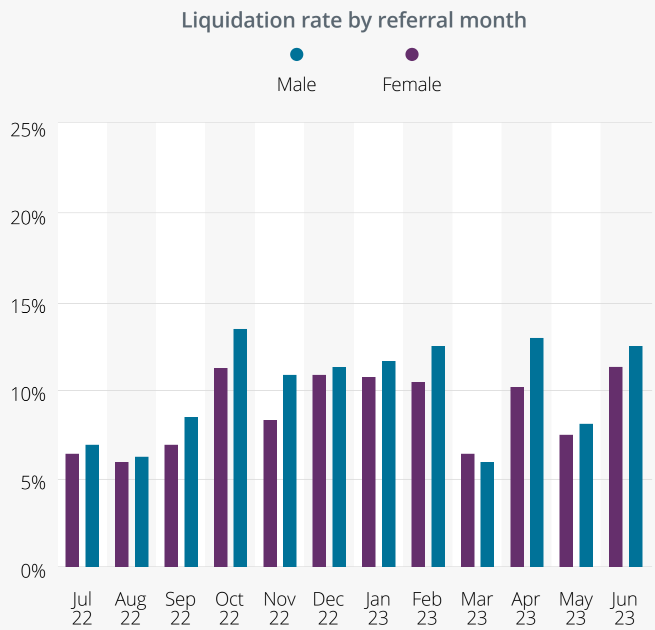
Beth Whelan
Chief Strategy and Transformation Officer – Debt Services

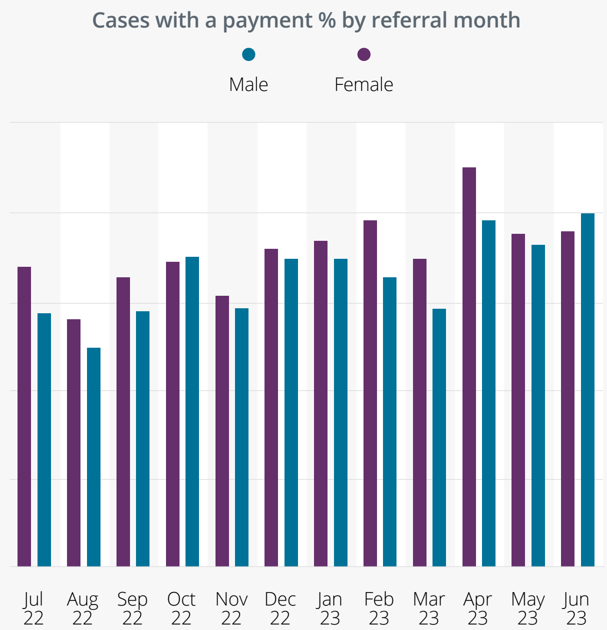
*Source: Advantis Jul 22- Jun 23.

Gender Report*



	Right Party Contact %	Cases with a payment %	Liquidation Rate %	Paid in full %	Payment plan %
	27%	17%	10%	6%	8%
Male	26.7% ▲	17.6% ▲	9.3% ▼	6.1% ▼	8.5% ▲
Female	26.3% ▼	16.5% ▼	10.9% ▲	6.7% ▲	7.6% ▼





*Source: Policy in Practice.

Gender Disparities in Benefit Claimants and Welfare Provision*

Women make up the majority of people who claim benefits, and this is connected to how society and the economy work. While it might seem like women claim more benefits because they handle household finances, the reasons are more complex.

Many women, especially those with low incomes, are responsible for managing money in their households. This reflects their traditional role in supporting family welfare. But behind this role lies a harsh reality of financial insecurity and unfairness.

Issues like the gender pay gap, differences in pensions and benefits between genders, and career breaks for caregiving contribute to women being economically disadvantaged. This means that women, especially those with low incomes, often need to claim benefits to make ends meet.

For example, a huge 94% of single-parent households claiming Housing Benefit are headed by women. Similarly, although women make up just over half of the population, they make up 58% of benefit claimants.

The move from old benefits like Housing Benefit to Universal Credit will be a big topic in 2024. This change could be difficult for vulnerable families. Understanding the protections during this change is crucial for keeping family incomes stable.

In terms of Child Benefit, women make 88% of claims. Recent changes to how Child Benefit is taxed for higher earners might help some women, but there are worries about how it will affect everyone.

Women also make up 77% of those getting Income Support, a benefit for those with limited income. Most of those who get Carer's Allowance, which helps people who care for others, are women too.

In the area of disability benefits, women often don't get the help they need. For example, 62% of all Attendance Allowance, which helps older people with disabilities, goes to women. This is because women are more likely to have disabilities and live longer.

Pension Credit is important for older people, but 60% of claimants are single women. This shows how women can end up with less money in retirement than men.

Personal Independence Payments help people with disabilities who are of working age. Women, who often have more disabilities, rely on this benefit more.

To fix these inequities, we need to understand how gender, money, and government policies all interact. By working together to remove barriers and tackle the root causes, we can create a welfare system that helps everyone equally, regardless of gender.

Policy in Practice

Rachael Walker
Research and Policy Director at Policy in Practice

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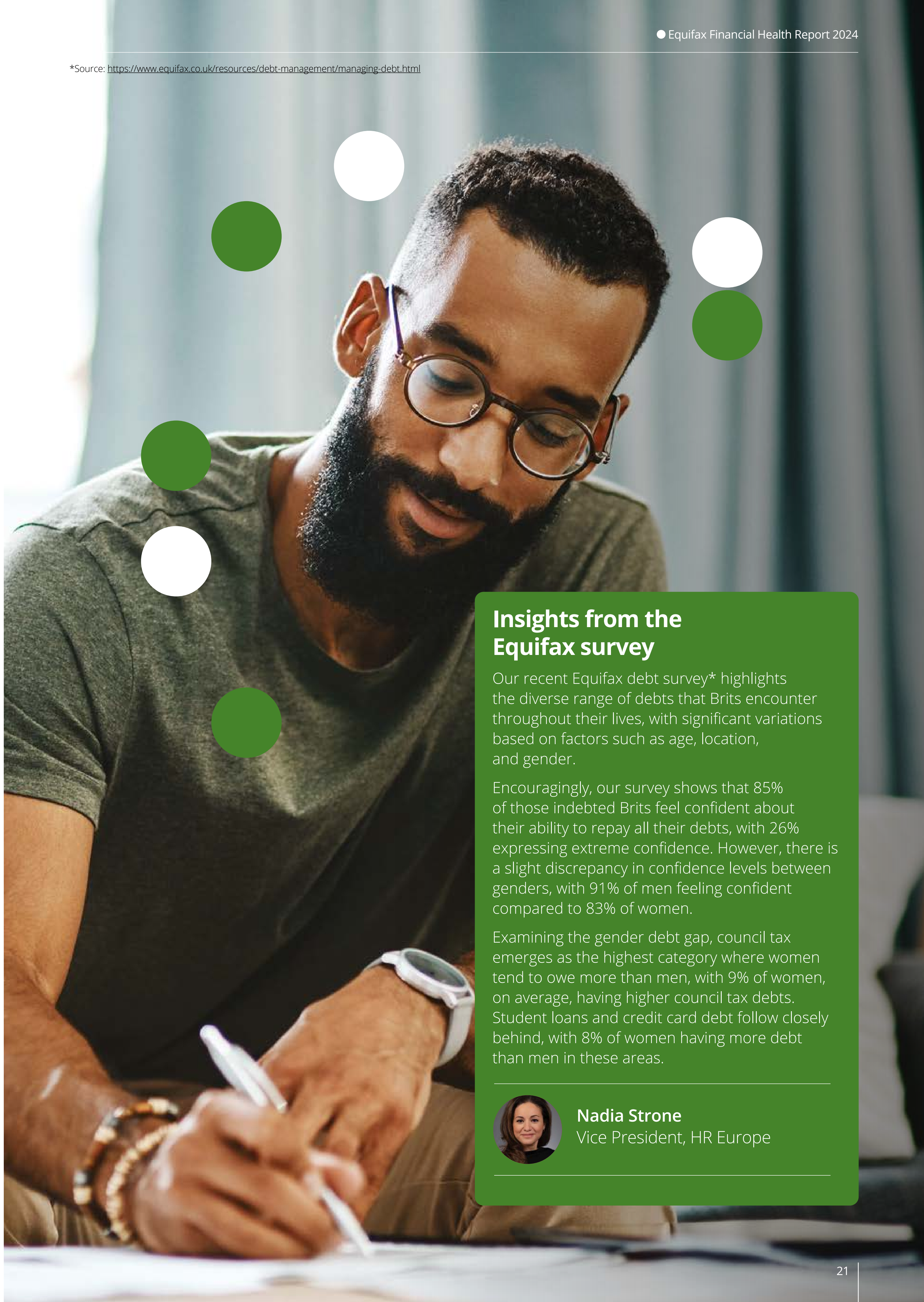
*Source: https://www.equifax.co.uk/resources/debt-management/managing-debt.html



Insights from the Equifax survey

Our recent Equifax debt survey* highlights the diverse range of debts that Brits encounter throughout their lives, with significant variations based on factors such as age, location, and gender.

Encouragingly, our survey shows that 85% of those indebted Brits feel confident about their ability to repay all their debts, with 26% expressing extreme confidence. However, there is a slight discrepancy in confidence levels between genders, with 91% of men feeling confident compared to 83% of women.

Examining the gender debt gap, council tax emerges as the highest category where women tend to owe more than men, with 9% of women, on average, having higher council tax debts. Student loans and credit card debt follow closely behind, with 8% of women having more debt than men in these areas.

Nadia Strone
Vice President, HR Europe

Section 3

Beyond the Data

The impact on mortgage lenders

Expert view

Furness Building Society

The dual risk of raising interest rates leading to mortgage payment shock accompanied with price rises across all sectors of the wider economy, prompted Furness Building Society to prioritise their members' needs. In response, they formed a working group to assess potential impacts and plan their responses.

This proactive approach ensured that the Building Society remained focused on delivering the best possible outcomes for its members, even in challenging circumstances.

At the onset of the economic downturn, this group established early warning indicators to prompt specific meetings aimed at minimising the burden on members. This included internal metrics on arrears, failed direct debits, and other data-driven events, along with external measures of the wider economy's health.

Additionally, Furness created an arrears contingency plan outlining resource model adjustments to allocate colleagues to customer-facing roles as needed. They also implemented tailored communication plans for members already in arrears or facing significant payment shock, due to mortgage deal renewals.

While arrears levels and instances of financial hardship haven't reached anticipated levels, the exercise of understanding potential outcomes for members proved valuable. The group continues to monitor triggers and convene meetings as necessary.

Furness® Building Society

Jonathan Cartlidge
Head of Customer Strategy, on Furness Building Society's proactive approach

Showcasing the positive impact of using digital engagement to enable self-service

Expert view

Utilita

Utilita's customers, being highly engaged digitally, provide the company with extensive data on their energy usage, smart meter interactions, and payment habits. However, despite this wealth of data, the conclusion drawn from the analysis is concerning.

Many households are facing severe financial strain, both due to the COVID-19 pandemic and the ongoing cost of living crisis.

This observation indicates that despite customers' digital engagement, their financial resilience has been greatly diminished, posing significant challenges for both households and energy providers like Utilita.

Despite falls in the price cap, the picture has worsened in 2023/24 with self-disconnections among Pay As You Go (PAYG) households showing a significant increase and demand for financial support up by more than 800% on the 2020 figure.

With 95% of its PAYG households already smart-enabled, Utilita has the ability to transform its features and services remotely by leveraging a wealth of data.

These digital transformations are the difference between staying on supply or not, for tens of thousands of its customers. Utilita's features have offset industry and government shortfalls – such as the cessation of the Energy Bill Support Scheme (EBSS) and no new targeted support to replace it – to keep customers on supply on more than three million occasions over the last 12 months.

Transfer Credit

The EBSS mandated that six £66-£67 monthly payments (between October 2022 and March 2023) should be credited to the electricity meters of Smart PAYG customers. Unsurprisingly, given it was winter, Utilita received thousands of calls from customers wanting the credit to be transferred to their gas meters. Within a couple of weeks of the introduction of EBSS, it developed the ability for customers to transfer credit between their smart meters via its smartphone app. Since customers have used the functionality almost 1.4 million times, transferring £24.6m in credit. Previously, each one of these transfers would have resulted in a call to Utilita's contact centre.

POWER UP

Launched in 2018, POWER UP is a feature in the app which allows customers to self-serve energy account credits of up to £100 (£60 gas, £40 electricity). With many struggling households simply too proud to ask for help, the feature takes away the stigma – and stress – of contacting Utilita to ask for support. Customers set a recovery rate of their choosing (from 5%). The self-serve nature of POWER UP also reduces call volumes, so agents can focus on more complicated/urgent customer queries.

Since the start of the cost of living crisis, POWER UP has proved to be a lifeline for Utilita's customers. It has provided energy account credits on almost three million occasions, worth close to £75m. Its busiest day to date was 27th December 2023, when 171 customers successfully POWERED UP in just 60 seconds.

utilita
life with power

Russell Lane
Head of Customer Experience, Utilita

Making ends meet with Buy Now Pay Later

Expert view

LayBuy

Buy Now Pay Later (BNPL) emerged as a popular payment option in the UK in 2019, offering customers a convenient way to pay for goods and services online. Its adoption accelerated during the pandemic, appealing initially to agile and innovative e-commerce retailers, especially in the fashion and sportswear sectors.

While early users tended to be younger shoppers, BNPL has since been embraced by a diverse range of merchants, leading to increased diversity among BNPL users. At LayBuy, for example, 69% of customers are female, with an average age of 37.

While BNPL has expanded to various sectors, LayBuy does not support "essentials" such as groceries or food delivery services. However, some BNPL providers have ventured into these areas.

Travel has emerged as a growth sector for LayBuy, prompting the launch of laybuytravel.com, where existing customers can access competitive rates for accommodation and flights.

Despite providing short-term credit, LayBuy employs credit bureau data in its customer verification process to assign credit limits. Consequently, individuals with a poor credit history may face challenges accessing the service. Initially, credit reference agencies (CRAs) lacked the means to accurately record BNPL transactions. However, as BNPL usage has become more widespread, it's crucial for CRAs to capture this data to help customers build credit profiles and enable credit providers to identify misuse of the product.

Over the past year, we've observed maturation in BNPL usage, with around 40% of UK adults utilising the service. This widespread adoption reflects the convenience and short-term budgeting benefits offered, especially considering that most products are interest-free. Financial experts like Martin Lewis of MoneySavingExpert have endorsed BNPL as a sensible borrowing option, particularly during seasonal peaks like the Christmas period, emphasising its interest-free nature as a superior alternative to other short-term credit options.

laybuy

Gary Rohloff
Managing Director, LayBuy

Family financial struggles and community aid

The Scottish Response

The Scottish Cabinet Secretary for Social Justice, Shirley-Anne Somerville MSP, has called on the UK Government to address child poverty and support for vulnerable individuals. The positive outcomes of investing in this area are evident, demonstrating the Scottish Government's commitment to improving societal well-being.

Financial Strain Across the UK

Recent analysis from Citizens Advice reveals the alarming state of people's finances in 2024. Over one in three UK adults (37%) struggle to cover a mere £20 increase in their monthly expenses. This financial strain is particularly acute among certain groups, including those receiving benefits (58%), individuals on prepayment meters (57%), and people of colour (47%).

Case study

St Vincent's Centre – Community support in Leeds

In Leeds, the St Vincent's Centre, operated by the St Vincent de Paul Society (England and Wales), serves as a vital resource for the community. With its Vinnie's café and on-site shop, the centre provides essential support to residents in some of the UK's most deprived areas. The centre has witnessed a significant increase in families seeking assistance for necessities like food, clothing, and bedding, highlighting the pressing need for support in these communities.

Unclaimed benefit support

Expert view

Policy in Practice

When setting aside emotional debates for or against a welfare benefits system, the stark reality is that the UK's current support network is failing to reach its full potential, with over £23 billion in support remaining unclaimed annually.

Leaving financial assistance unclaimed represents a false economy. While unutilised benefit budgets may appear to save the Treasury money, the costs to communities far exceed any savings and ultimately lead to greater expenses in the long term, as intervention becomes more costly than prevention.

Individuals living on low incomes often experience poorer health outcomes and shorter life expectancies. Childhood poverty contributes to lower educational achievements and limits future job prospects, leading to economic disparities and decreased financial resilience in deprived communities. This downward trend is evident in marginalised areas, where changes in spending patterns and employment behaviours have resulted in deserted high streets and fewer job opportunities.

The rise of gig and platform economies has further exacerbated income instability and low wages, leaving many workers reliant on benefits to supplement their incomes. Surprisingly, nearly 40% of Universal Credit claimants are employed.

For older individuals and those unable to work due to disability or caregiving responsibilities, unclaimed support could mean the difference between meeting basic needs like heating and food, or not. Despite this, benefits like Attendance Allowance, intended to provide financial assistance to disabled individuals over state pension age, remain largely unclaimed, totalling over £5.2 billion annually. Given the direct correlation between income and health, maximising income through benefits should be a national priority, particularly as closing the Attendance Allowance gap could lead to future savings in adult social care costs.

Investing in poverty reduction through increased benefit awards can yield significant returns. Increasing take-up rates of free school meals, could inject an additional £600 million into schools annually through the pupil premium grant. Improving take-up rates of benefits among homeless households in temporary accommodation could alleviate public spending pressures, as local councils currently spend around £1.7 billion annually to support such accommodation costs, despite over £7 billion in unspent Universal Credit funds estimated each year.

Prioritising income maximisation through benefits not only helps alleviate household debt and its associated impacts but also represents a cost-effective approach to preventing future social and economic challenges.

Policy in Practice

Rachael Walker
Research and Policy Director at Policy in Practice

A truly unique crisis

Expert view

StepChange Debt Charity

For years, StepChange have supported the most vulnerable people in society to tackle problem debt, including those who have lost their income, or are struggling with addiction or bereavement. This current crisis is the most profound we have seen for a substantial amount of years.

The cost of living crisis has created a perfect storm for the debt advice sector of both increasing consumer need for our services and increasing complexity in the financial and personal circumstances with those we are supporting.

We supported 183,000 clients through debt advice in 2023 (up 10% vs 2022) and a quarter of these people told us the cost of living was the main cause of their debt.

Increasing demand. Increasing complexity.

Our recently published **Statistics Yearbook** explores in detail how the crisis is affecting people all across society. The proportion of our clients with a mortgage rose from 12% to 14% last year, as rising interest rates pushed more mortgaged households from 'just about managing' into problem debt.

The average income of our clients rose by 10% last year, nearly double the rate of UK wage growth. Despite this, one in three of our clients are now in a negative budget, where their essential monthly costs are higher than their income. These clients are the most difficult for us to find a viable debt solution for and to support back to financial stability.

Our data also shows that some groups are heavily over-represented among our clients compared to the UK population as a whole. Working age people between 25 - 44 represent 60% of our clients despite making up just 33% of the UK adult population.

Our **Bearing the Burden** report from November 2023 found that factors including the gender pay gap, childcare and caring responsibilities are part of the reason that nearly two thirds of our clients are women.

The real cost of the crisis

It's important to remember that behind each of those numbers is a human being and a family desperately trying to make ends meet.

For those struggling with debt, the fear can be paralysing. There is a well-established link between financial well-being and mental health, so it is unsurprising that over 40% of our clients disclose a mental health condition. Many people experiencing financial difficulty for the first time do not take any action simply because they don't know where to turn for help. Many of our clients also tell us that other factors which delayed them getting help with their debts include concerns about the impact of getting debt advice on their credit score, or having their access to credit reduced when they desperately need this to pay the bills. These factors help explain why in an August 2022 survey, over half our clients say they waited over a year to get help with their debts. The financial and emotional cost of this delay can be devastating.

The real cost of the cost of living crisis is the human cost, articulated by one of our clients Alannah, who bravely agreed to share her experiences of being in problem debt.

While we can't predict when this crisis will end, what we can guarantee is that we will continue to be here to support Alannah and anyone else who needs our help as we work towards our vision of a society free from problem debt.

Vikki Brownridge
Chief Executive Officer,
StepChange Debt Charity

StepChange is authorised and regulated by the Financial Conduct Authority.

Equifax Financial Health Report 2024

Case study

Alannah's story

"I live with a range of different long-term health conditions, which means that for a while I was reliant on Employment and Support Allowance and Personal Independence Payments for my income.

Due to an error, I was underpaid, and I had to appeal to get my full entitlement. My partner also has a chronic illness, and with the logistics of taking care of both of our health conditions, we decided that he would move in with me.

Unfortunately, despite reassurances from the Department for Work and Pensions (DWP), this caused more issues with my benefit entitlement and after my payments were stopped, I was told my housing allowance would be cut to just £23 a week.

I was told that I had to apply for Universal Credit, but the wait for the appointment was long and as a result I was forced to start using a credit card for living essentials. My washing machine and fridge freezer broke down during this time, so I had to buy new ones on finance. I also fell into arrears with my council tax and rent.

What most people might not think about is that my partner and I both rely on certain items to help us manage our health conditions, and the price of these going up has a big impact on our finances. I try to help keep us afloat by doing some freelance blogging work, but this type of income is inconsistent.

By the time I finally started receiving Universal Credit my debts had stacked up and the amount that I was receiving was not enough to cover my living costs and my debt repayments.

After receiving threatening letters from some of my creditors I contacted StepChange for advice.

I was placed on a payment plan, which meant that my debts were under control and that relieved a huge amount of stress. We still struggle, largely because of the increasing cost of essentials – the standing charge for our gas means that we are often playing catch up with the bill. Our son Odin was born around this time, which obviously impacted our budget in a big way.

I am now debt free, but things are still uncertain for us financially. The cost of living crisis means that everyday items are still expensive. I am glad to have StepChange to turn to for advice, but I also hope that things improve more generally for myself and others in similar situations."

For more information visit:

https://www.stepchange.org/policy-and-research/women-and-debt.aspx
https://www.stepchange.org/Portals/0/23/policy/syb2023/StepChange_Statistics_Yearbook_2023_StepChange.pdf

Understanding vulnerability dynamics

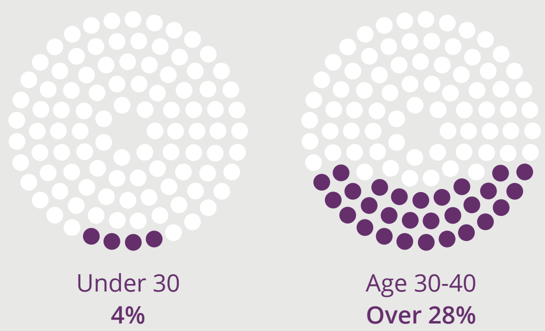
The dynamics of vulnerability are evolving. Despite the gender pay gap, the breakdown of individuals registering as vulnerable with the Vulnerability Registration Service mirrors the population, with women constituting 51%.

Notably, over 28% of women aged 30 to 40 identify as vulnerable, compared to only 4% of women under 30.

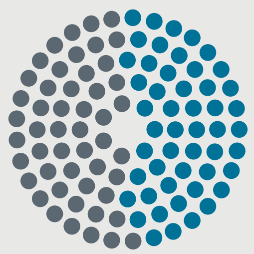
While financial challenges are evenly distributed at 55/45%, a significant proportion of women cite low numeracy (70%) and mental health issues (74%) as contributing factors to their vulnerability.

Surprisingly, coercion affects both genders equally (50%), although instances of economic abuse are rising.

Vulnerable women



Coercion by gender



Expert view

Vulnerability Registration Service

The split between men and women reporting vulnerable circumstances appears relatively even, yet there are subtle differences in the types of vulnerabilities disclosed.

Women seem more inclined to acknowledge certain vulnerabilities, such as mental health issues, loneliness, accessibility barriers, or numeracy difficulties, based on our data. Moreover, it's crucial to recognise that some challenges disproportionately affect women. For instance, they are more likely to serve as primary caregivers for family members, partners or children facing addiction issues. Interestingly, women under 40 are just as likely to identify their vulnerabilities as those over 80. However, women in the age group between these brackets, especially those over 50, are less inclined to do so, possibly due to assuming supportive roles and navigating significant life changes during this period.

The Vulnerability Registration Service is currently enhancing its dataset by introducing two new 'sub-flags', to enable consumers to notify service providers if they are unpaid carers or affected others. This update allows organisations to consider the time constraints, financial burdens, and emotional toll associated with these roles.

Although there's an equal split between men and women expressing the risk of coercion, it's essential to note that women are significantly more likely to experience domestic and financial abuse. It's plausible that there are barriers hindering women from disclosing these circumstances, whether due to reluctance or systemic obstacles. Increased collaboration across sectors to share non-financial vulnerability data and engage with affected individuals can open avenues for identifying where assistance is needed, and whether these challenges drive financial hardship and exclusion, or are symptomatic of it.

Helen Lord
CEO, Vulnerability Registration Service

Vulnerability Registration Service

Money, mental health and minority experiences

Expert view

TDX Group

Money and mental health are deeply intertwined, as we highlighted in 2023. According to the Money and Mental Health Institute, the impact varies among genders and ethnic groups, revealing existing barriers to financial well-being.

Women with mental health challenges often struggle more to manage domestic bills and credit commitments, with 59% reporting difficulty compared to 52% of men in similar situations. Men, on the other hand, face obstacles due to gendered expectations, which discourage open discussions about mental health and hinder access to support.

Transgender and non-binary individuals encounter additional challenges, including stigma and discrimination in the workplace and healthcare settings, affecting both their mental and financial health.

Furthermore, consumers from minoritised ethnic groups experience disparities in financial stability. A significant proportion of households from these communities fall behind on bills, ranging from 9% among White individuals, to 33% among those of Black, Black British, Caribbean, or African descent. Additionally, accessing support for mental and financial well-being can be more difficult for minoritised ethnic groups, leading to unequal outcomes compared to their White counterparts.

Amani Darr
Strategy and CX Lead at TDX Group

TDX GROUP
An Equifax company

Having poor mental health affects your expenditure and ability to save. Increased impulsivity and memory problems make it harder to manage finances.

Many people report significant changes in their ability to make financial decisions during poor mental health periods. Conditions like bipolar and ADHD often exacerbate these difficulties, leading to increased anxiety when dealing with finances. Inclusive communication channels and good frontline skills are critical to providing support and relief.

We've been listening to our customer needs more than ever before, recognising the complexity, and in some cases simplicity, developing new products and services that are truly inclusive. Alongside our supportive technology, such as our new digital collections platform, we are enabling essential front-line training across our supply chain and out to our clients. So far we have delivered 459 hours of vulnerability training.

Customer feedback:

"The individual I spoke with was exceptional. I had been too anxious to communicate with the creditor. They were sensitive, supportive, and offered helpful guidance instilling a sense of hope that things could be resolved. I found them to be kind, and compassionate, and I am deeply grateful."

"The most pleasant person I have encountered in such situations. I was completely unprepared, and they didn't rush me but instead tried to assist me. Due to my disabilities, I should have been better prepared, but I simply wanted to avoid the situation altogether. I didn't expect someone to be so accommodating, and it's reassuring to know there are still people willing to help. Very patient and pleasant. Thank you."

The cost of domestic abuse

Juno Women's Aid, a charity supporting domestic abuse victims, has witnessed a 23% surge in referrals. It's estimated that 1 in 4 women experience domestic abuse, with 1 in 3 facing economic abuse.

The escalating cost of living has compounded domestic violence, with 73% of financially linked women reporting it harder to leave abusive relationships. 66% of survivors report abusers exploiting rising prices for coercive control, hindering women's ability to flee and support children amidst stagnant benefits.

Yasmin Rehmean
CEO of
Juno Women's Aid

"People approach us with financial strains, opting to stay with their abuser due to housing ownership or tenancy. Financial abuse is often part of the perpetrator's controlling behaviour."

JUNO Women's Aid
Safety. Strength. Support.

Case study

Sarah's journey to financial independence

Sarah*, a resident of Nottingham, found herself in a challenging situation when she sought refuge with Juno Women's Aid after fleeing an abusive relationship characterised by financial control. Her story – narrated through the perspective of her support worker – sheds light on the ordeal she endured and her courageous steps towards reclaiming her financial autonomy.

In her previous relationship, Sarah's partner assumed control over their finances, dictating her spending and scrutinising every expense. Despite being the primary caregiver for their children, she was subjected to constant scrutiny and had to justify her expenditures. During their divorce proceedings, Sarah faced further manipulation and intimidation from her husband, who utilised his financial expertise as a financial advisor to undermine her position. He refused to fulfil his responsibilities of child maintenance, leaving Sarah in a precarious financial situation.

Sarah's lack of financial literacy became a tool of exploitation for her husband, who exploited her vulnerability and ignorance to maintain control. Throughout the divorce proceedings, he belittled her spending habits and threatened her with legal repercussions, instilling fear and doubt in her mind.

Despite the emotional turmoil and coercive tactics employed by her husband, Sarah displayed remarkable resilience and determination to rebuild her life. Empowered by the knowledge and resources provided by her support network, Sarah gradually gained confidence in managing her finances and asserting her rights.

***Name changed to protect privacy.**

Equifax Financial Health Report 2024

Sue Owen-Bailey
Social Innovation and Sustainability Manager at Equifax UK

"Collaborating with Juno has offered invaluable insights into the nuances of economic abuse. We've conducted debt advice workshops for Juno staff, emphasising strategies for individuals with 'thin' credit files and accessing support services. Additionally, we're enhancing our internal processes and online toolkit to better assist victims promptly. Our future initiatives aim to support the professional development of the women Juno serves, including interview skills and CV writing."

Section 4

What are we doing?

Engaging consumers earlier

Supporting consumers earlier is critical to mitigating the financial and mental health impacts associated with problem debt. We believe that there is an opportunity to better utilise data earlier and create tailored consumer journeys, enabled through efficient digital channels to support consumers resolving debt earlier. In January, Equifax launched its ground-breaking digital collections service, a fully automated communication tool designed to empower consumers to manage their finances effectively. This innovative solution enables individuals to create sustainable payment plans, settle accounts, and access valuable debt services, including resources provided by MoneyHelper and benefits calculators to optimise income where eligible.

Through the integration of various data sources, our new product allows individuals to take charge of their financial situation, with user-friendly self-service digital pathways, customers can establish affordable payment plans, and even utilise an optional Open Banking journey to minimise obstacles.

This represents a significant shift in debt engagement, placing consumers at the forefront of the process.

92% of consumers wish they had engaged earlier.*

Emmanuel Catachanas,
Head of Product,
TDX Group

"Our digital customer engagement solution streamlines the process, offering more efficient and cost-effective outcomes for clients while ensuring better financial management for consumers in the future."

Uniting data and policy for inclusive consumer journeys

Last year, we highlighted how £20 billion worth of benefits went unclaimed. Leveraging our data resources, we've partnered with Policy in Practice, a social policy software and analytics firm collaborating with councils, government entities, housing providers, and community organisations. Their team of policy experts integrates state-of-the-art technology, insightful data, and expert analysis to assist organisations in analysing policy impacts, identifying and engaging affected individuals, and monitoring intervention effectiveness.

Through this collaboration, we aim to integrate accessibility into our consumer journeys. By harnessing data, we will jointly develop profiles of consumers likely to benefit from interventions and incorporate them into our digital consumer journey.

Adapting our systems

It's also important to consider the diverse needs of consumers and your own colleagues when utilising IT solutions. In 2023 we delivered a programme of work to adopt WCAG2.1AA and EN301549 accessibility standards for our PLATO debt management platform - an important step in ensuring internal and external users are able to utilise the system equitably.

*Source: StepChange.

Building financial confidence

To align with consumer duty and deliver good consumer outcomes, we're driving initiatives to prioritise consumer welfare, ensuring our processes and products deliver good outcomes.

We aim to enable more inclusive lending decisions for consumers with thin credit files while reducing over-indebtedness among those facing financial challenges.

We believe in fostering financial capability through knowledge, confidence and skills, coupled with access to quality products and services.

Expert view

FairLife

FairLife, a charity advocating for transparency in financial products, introduces the FairLife Mark. A symbol of trust that instils confidence in consumers and aids fair providers in attracting and retaining customers.

Only 41% of adults have confidence in the UK financial services industry, and recent research indicates that merely 32% feel confident about managing their money.

A lack of trust and confidence can hinder customers from engaging with the industry and making appropriate financial arrangements. With 11 million working-age individuals having less than £1,000 in savings, and the ongoing cost of living crisis exacerbating financial challenges, it's crucial to remove barriers and provide assistance where possible.

The FairLife Mark addresses this need by conveying a simple commitment from providers that customers can easily understand, thereby alleviating some of the anxiety associated with financial decision-making.

The FairLife Mark aims to enhance financial education, which is vital as individuals face increasing choices and responsibilities in financial matters. By supporting schools, FairLife endeavours to equip future generations with the knowledge and confidence necessary for sound financial decision-making throughout their lives, addressing a confidence gap that significantly impacts financial resilience in the UK.

This not only improves customer outcomes by fostering confidence in reputable providers, but also offers direct benefits to trusted firms. By showcasing their purpose-led values, firms can attract customers and enhance customer loyalty.

In summary, the FairLife Mark benefits both businesses and customers alike. The team collaborates with industry stakeholders and is supported by trade bodies such as BSA, ABCUL, and UK Finance. Obtaining the mark presents an opportunity for firms to demonstrate their market-leading character and gain a competitive advantage they can take pride in.

Stuart Phillips,
Co-founder of FairLife,
on the importance of trust

FairLife

Partnering with industry leaders

In the past year, we forged a strategic alliance with Sigma Connected, collaborating closely to deliver white-label customer service support across various sectors, including telecommunications, utilities, energy, retail, and government. This partnership expanded upon Sigma Connected's existing contact centre support for TDX Group, particularly on a significant telecommunications account.

Combining TDX Group's expertise in data analytics and affordability insights with Sigma Connected's renowned collection capabilities, we ensure that all collections activities are conducted with empathy, precision, and support for both businesses and consumers.

Through our credit management services and initiatives like the award-winning ReachOut programme, we maintain robust and inclusive support for vulnerable customers.

Since teaming up with the Money and Pensions Service in 2022, we've directed millions of consumers to tools and services for managing their finances. In 2024, we aim to leverage our consumer touchpoints more effectively to promote this valuable service.

Working smarter with data

In our 2023 report, we underscored the potential of leveraging data to enhance decision-making processes and better serve consumers. As industries increasingly seek to proactively support individuals facing financial hardship, data sources like vulnerability indicators and Open Banking offer invaluable insights to unlock access to services and deepen our understanding of consumers' needs.

Case study

Enhancing digital accessibility with KCOM

As part of their commitment to digital inclusion, KCOM leveraged our Open Banking journey to proactively identify eligible consumers for their specialised social access products. These products offer low-cost line rental and inclusive calls to consumers receiving benefits.

The impact was substantial:

- Access to social tariffs increased by 30%
- Operational overheads plummeted by 90%
- Service time reduced drastically from 6 weeks to just 10 minutes

By September 5th, 2023:

- The number of customers on Flex (KCOM's social tariff for Universal Credit recipients) grew from 1,619 to 3,707 – adding 2,088 new customers
- The project facilitated 6,589 total Flex applications, with an impressive 41% conversion rate

Offering a more inclusive service

In the previous year, we emphasised our commitment to supporting vulnerable consumers and equipping frontline teams with the necessary skills to provide an exceptional experience, especially in debt services. Over the past year, we have introduced a new vulnerability standard and implemented a comprehensive training programme focused on enhancing skills and confidence. Additionally, we have initiated a review of our consumer knowledge hub to ensure that consumers receive the assistance they require.

We've delivered

459

hours of training, with a target of training 3,000 individuals over the next three years, ultimately benefiting over 700,000 consumers.

Strengthening front-line support

In collaboration with the Money Advice Trust, Equifax developed a comprehensive training programme aimed at enhancing comprehension of consumer vulnerability, bolstering confidence and resilience within the debt services sector. The initiative delved into the evolving definition of vulnerability, incorporating real-life case studies, essential tools, and best practices to empower delegates in effectively assisting vulnerable consumers.

Naomi Stoddard,
Head of Business Support Services, Advantis Credit

"Our front-line teams have greatly benefited from the invaluable training provided by Equifax and Money Advice Trust. It has deepened their understanding of vulnerability and equipped them with the necessary skills and confidence to deliver best-in-class service to our customers."

Empowering future generations for financial success

"Equifax's work with young people is invaluable for shaping their career choices and boosting confidence in financial literacy. Partnering with Speakers for Schools, Equifax shares a commitment to empowering disadvantaged students. The highly acclaimed work experience programme has garnered positive feedback from both educators and students, with an estimated 1,000 student interactions expected during planned sessions. It's imperative that organisations like Equifax continue supporting youth to enhance career knowledge and foster social mobility."

Laura Morris
Head of Engagement at Speakers for Schools

Our commitment to social impact drives our vision to help individuals live their financial best. In 2023, we revamped our education outreach programme to reach young people facing greater challenges in achieving financial stability.

Recognising the pivotal role businesses play in shaping the future, we partnered with Speakers for Schools to launch a ground-breaking education pilot. Leveraging data analytics, we pinpointed schools where our intervention could make the most difference. The initial pilot at Bluecoat Academy in Nottingham and UTC in Leeds engaged over 300 students aged 16-18 years old, in workshops focusing on essential financial skills like budgeting and online financial stability.

Building on this success, we expanded the programme in early 2024 to include five schools in disadvantaged areas across Nottingham, Leeds and London. This extended initiative not only imparts financial literacy but also provides insights into careers within our industry.

Additionally, our collaboration with Gorse Academy in Leeds empowers trainee teachers to integrate financial fundamentals into everyday training.

Despite financial education being on the national curriculum for secondary schools in England since the 2014/15 academic year, only a quarter leave with some sort of meaningful education in this area. As part of the UK Strategy for Financial Wellbeing released in 2020, the Money and Pensions Service is aiming for two million more children aged 5-17 years old to receive a meaningful financial education by 2030.

"The financial education workshop delivered by Equifax has really made our young people think deeply about the decisions they make as they begin to live independently. We had an incredible interest in the work insights programme and I was delighted to take a number of my students to the Equifax office to undertake a real-life work project. You can't be what you can't see – this experience was invaluable."

Alex McCafferty
Head of Personal Development at Djanogly Academy

Fostering financial confidence among teenagers

Expert view

Lucille Djokoto, a Transformation Analyst specialising in Business Change and Transformation at Equifax, embarked on a journey to impart crucial financial knowledge to young teenagers. As part of Equifax's commitment to fostering financial literacy among the youth, Lucille joined a cohort of corporate volunteers who visited schools to deliver impactful financial education sessions.

"Initially, stepping into the classroom, I couldn't help but feel a surge of nerves. However, as I began to delve into the session, those initial jitters faded away. Working alongside my fellow volunteers, I not only found my rhythm but also picked up invaluable presentation tips and tricks. It was an enlightening experience, one that stretched my abilities and pushed me to grow. By the end of it, I felt a deep sense of fulfilment, knowing I had played a part in boosting the confidence of these young minds in handling financial matters.

Our financial presentation covered a range of topics that I knew were relevant to the everyday lives of teenagers. From budgeting and saving to the basics of investing, we aimed to arm them with practical knowledge essential for navigating today's economy. Witnessing their engagement and seeing the 'aha' moments light up their eyes was incredibly rewarding. I'm confident that our session has equipped them with the tools they need to tackle the financial challenges that lie ahead.

Reflecting on my experience, I wholeheartedly encourage others to participate in similar volunteer opportunities. It's a fulfilling journey – one that I'm grateful to have been a part of."

Lucille Djokoto,
Transformation Analyst,
Equifax

"Too many young people are entering adulthood without the skills needed to manage money well. The UK Strategy for Financial Wellbeing aims for two million more children and young people receiving a meaningful financial education by 2030. MaPS is working in collaboration with organisations across the UK to ensure that no matter where young people are learning, be that through schools, in the community or in the home, they are receiving the education that will help them become financial capable adults - making the most of the money they have, and feeling confident, resilient and empowered to manage their money well."

Michaela Kirsop
Corporate Director of Money,
Money and Pensions Service

Round up

What should we as an industry be doing?

Our data shows that the growing strain on households' finances has not yet led to such a rise in problem debt as we might have expected. But we are concerned that across the UK the year ahead will be much harder for people in debt. This is especially so for those whose mortgage payment is going up.

This report highlights some of the positive steps organisations can take now to help people through the year ahead.

We can use digital services to improve the service we give some consumers, while being mindful that not everyone is able, or wants, to be online.

We can work with our partners to understand and champion inclusive services to ensure that our consumers get a good outcome. We have shown that using data insights helps organisations to understand each person's changing situation, so they can be proactive and flexible in the support they offer. We can use data to make people's money go further, by helping them get more of the benefits they are entitled to, all the whilst tackling digital exclusion and the poverty premium.

At Equifax and TDX Group, we are committed to redefining the debt industry. In particular, we are looking to lead the way in raising the standards of ethical and effective debt collection.

Understand more to engage earlier

The earlier and better we understand who is at more risk from financial problems, the more we can do to protect those people and find them a safe and sustainable way out of debt. We actively work with clients to encourage early interventions and engagement. We are continually improving our communications, bringing clarity and simplicity at every stage, to ensure complete understanding, whatever the situation.

Giving the frontline the skills and tools they need to do the right thing

When a consumer speaks to a debt collection agency we work with, we make sure that the agent has the tools, skills and flexibility they need to do the right thing. Whether that is offering the right payment plan, or being able to quickly and accurately understand what they can afford to pay, we strive to continually improve our service for consumers. We continue to invest in training to ensure our frontline teams have the skills and confidence to speak to consumers, especially those who may be vulnerable.

Working smarter with the best data

Our team of expert data analysts combine data from credit files, bank accounts and millions of quality checks on debt collection agencies and more. This means a better understanding of different consumers to work with them in smarter ways to find their best debt solution.
We will continue to use data to make a positive impact, and only partner with organisations who share our values of responsible and ethical collections.

Partnering with experts

We will continue to work with our expert partners who share our passion to find new ways to make the debt sector work better. This we will do by improving services for consumers, raising industry standards, promoting environmental, social and governance standards, and by making sure our work has a positive and lasting impact for consumers, clients and communities.

Supporting financial education

Financial education, training and research are the cornerstones of what we do. We are committed to helping deliver financial education to over one million consumers over the next couple of years.

To do this, we are partnering with experts, suppliers and clients to continually improve the products and services we provide to improve consumer confidence in how they manage their money. We are also creating opportunities through schools and colleges to give the next generation of consumers the financial skills they require for the future.

Our Partners

Thank you to all contributors to this report:

JUNO Women's Aid Safety. Strength. Support.

Furness Building Society

laybuy

Policy in Practice

VRS Vulnerability Registration Service

utilita life with power

StepChange Debt Charity

FairLife

SPEAKERS for schools

How we can help?

With fresh pressures likely to come from all quarters, our vision – to help people live their financial best – has never held such value.

Equifax has a vast array of data sets and products that are designed to help our clients manage the financial uncertainty during these times. These range from ensuring both consumer and commercial borrowing is affordable, to identifying those in financial difficulty, making sure they are provided with appropriate treatments and good outcomes. We use Open Banking services that include one of the UK's most accurate categorisation engines, enabling clients to use more timely, accurate behavioural banking data to improve assessments. We redefine how businesses manage ethical collections, consumer recoveries, debt sale and IVAs and we're taking the lead in responsible management of debts.

We can help through the power of Equifax's unique global data insights, the knowledge of a best-in-class panel of experts, and our own advanced data and insights. By embracing innovative technology and industry-leading environmental, social and governance principles, we effectively manage the environmental impact of our operations and the social impact of our work. Always with expertise, experience and continuous improvement at our core, putting your customers, the broader community and the planet at the heart of our decisions.

So, while the industries that we work with will be facing often unprecedented challenges in the near future, our clients can rest assured that they have a team by their side who not only understand their challenges, but have theirs and their customers' best interests at heart.

EQUIFAX

Empower positive change

Equifax Financial Health Report 2024