The impact of problem debt on health – a literature review

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INTRODUCTION

Many factors contribute to health outcomes and health inequalities – access to health and other services, healthy or unhealthy behaviours, and the wider social determinants of health – the ‘causes of the causes’ of ill health. These causes include employment, education, housing, environment, transport, crime and poverty and income.

In exploring the link between health and wealth, Sir Donald Acheson, a former Chief Medical Officer of England, concluded that the highest mortality rates for both men and women are found among those people who live in the most deprived areas, and the lowest rates are in those people from areas which are least deprived[1]. This is the social gradient in health – where the lower a person’s social position, the worse his or her health, as set out in the Marmot review[2].

A basic income is necessary for a healthy life. Work provides the primary source of income for the working population, pensions for disabled or retired people, and welfare benefits for those people unable to work or who are unemployed. Income differences between these groups – and the ability of these groups to meet their needs – is shaped by a variety of factors, including the state of the economy and choices about tax and benefit levels.

Debt is an essential element in modern life – the availability of credit is lifeblood for the economy and living standards, and it can be used to help fill the gap between income and need. Debt is only an issue for individuals and families when it is ‘problem debt’, the kind that cannot be repaid. This kind of debt has implications for physical and mental health – such as promoting anxiety and depression – and for future life chances, as well as living standards.

Acknowledgement
With thanks to Angela Donkin, Sarah Silcox and Kristina Souders for their help in developing this review.

[1] Acheson, D (1998) *Independent Inquiry into Inequalities in Health: Report*, TSO
[2] Marmot, M (2010) *Fair Society, Healthy Lives* – Strategic Review of Health Inequalities in England post-2010

OVERVIEW

This paper explores the complex relationship between health – and mental health in particular – and problem debt, the kind of debt people have difficulties repaying.

It reviews the evidence on the differential impact of poverty and debt on health, on the link between health, wellbeing and debt and the different kinds of debt, and the scope for a preventative approach, including exploring the role of health agencies and advice services. It concludes by offering suggestions for action.

It seeks to explore the following questions:

- what is problem debt?
- are the health effects of low income and problem debt different?
- is debt a risk factor for mental health, or do health problems contribute to problem debt?
- what is the evidence on the relationship between health and debt?
- does the type of debt matter?
- are vulnerable and socially excluded groups particularly at risk of debt-related health problems?
- is the evidence reliable?
- does a preventative approach to problem debt work?
- how can healthcare providers and advice agencies support this approach?

The paper draws on published literature and other evidence, primarily from the UK but also from Europe. It offers a guide to the evidence through the responses to the questions, and sets out the implications of the evidence for action.

The impact of debt on health has become a more mainstream issue in recent years in the UK, not least because the burden of personal debt has doubled in a decade[3]. The evidence in this review looks beyond the UK and across Europe. It highlights the growing weight of evidence that debts, financial difficulties and housing payment problems lead to mental health problems – and the more debts people have, the higher the risk of many common mental disorders[4].

A GUIDE TO THE EVIDENCE

What is problem debt?

Debts are part of normal adult life. Many people take out mortgages or loans to start up a business. However, once an individual starts to experience difficulties repaying a debt, it can quickly become a problem, with a number of consequences, including health consequences

[3] Watt, N. (2013) *Soaring UK personal debt wreaking havoc with mental health* Guardian 20 November 2013
[4] Wahlbeck, K. McDaid, D (2012) *Actions to alleviate the mental health impact of the economic crisis.* World Psychiatry 11(3) pp. 139-145

such as stress, anxiety and depression. A failure to repay a loan has different consequences depending on the type of debt. An inability to repay a credit card bill has a different potential result to defaulting on a mortgage secured on a family home.

The UK mental health charity, Mind, defines problem debt as:

Having outstanding money to repay, being two or more consecutive repayments behind in the past 12 months.[5]

There is no common definition for over-indebtedness across EU Member States but there are common elements that characterise its handling, namely a focus on households rather than individuals and an approach that covers all contracted financial commitments, including mortgage, consumer credit, utility bills. Falling behind with payments and into arrears is the key characteristic of 'problem debt'[6].

Problems of definition hamper the collection of evidence. Most research into the links between debt and health does not differentiate between types of problem and non-problem debt, making it hard to be clear about the specific impact of problem debt. Over half of the papers included in a 2011 systematic review did not differentiate between types of debt, assuming that any debt had the same or similar impacts on mental health. The authors concluded that merging problem and non-problem debt together in this way may underestimate its impact on psychological health[7].

The extent of problem debt

Increasing indebtedness has been encouraged by the easier availability of credit and pressure to consume. It has been suggested that as inequality increases, so too the pressure to consume. This in turn, heightens the risk of debt – a tendency intensified by the 2008 economic crisis[8]. It is poorer people and disadvantaged groups that are most vulnerable and susceptible to 'problem debt'. Lack of access to 'cheap' credit available to others further de-stabilises their lives, and low income holds back people's ability to move beyond indebtedness[9]

Nearly nine million people – or 18% of the population – are living with 'serious' debt across the UK according to a 2013 survey[10]. 'Benefit dependent families' and 'worried working families' represented more than a third of the total. It found five cities where at least 40% of

[5] MIND (2008) *In the red: debt and mental health* http://www.mind.org.uk/assets/0000/9121/in_the_red.pdf
[6] European Commission (2008) *Towards a common definition of over-indebtedness*. EC Directorate General for Employment, Social Affairs and Equal Opportunities
[7] Fitch, C. et al. *The relationship between personal debt and mental health: a systematic review*. Mental Health Review Journal, vol 16(4), 2011
[8] Wilkinson, R and Pickett, K (2009) *The Spirit Level: Why Equality is Better for Everyone*. Penguin Books, p. 270
[9] Orton, M (2010) *The Long-Term Impact of Debt Advice on Low Income Households – the Year 3 Report* Friends Provident

[10] Money Advice Service (2013) *Indebted lives: the complexities of life in debt*

the population was seriously in debt – with Hull, Yorkshire top of the list. 43.1% of the people in Hull admitted they were in trouble financially. The lowest percentage (1.2%) of over-indebted people is in Richmond upon Thames, a wealthy London borough. This divide is mirrored by health differences. Richmond upon Thames has the highest healthy life expectancy in England for men and women. There is a gap of almost 15 years for females and 13 years for males in healthy life expectancy between Richmond and Hull[11].

The data shows that household indebtedness levels in the EU rose steadily as a share of disposable income between 2005-09, with only Germany, Ireland and Austria exempt from this trend[12]. The difficulties associated with 'problem debt' – including mental health problems – intensified with the coming of the 2008 economic crisis, with an increase in the proportion of European households that reported housing, utility or credit arrears. It is an effect exacerbated by reductions in social welfare spending and benefits as governments seek to reduce public spending[13].

In Hungary, the proportion of households in arrears increased from less than a fifth to a quarter between 2007-10[14]. A recent EU mapping exercise found that in Bulgaria, Greece and Romania more than three in 10 households were indebted. Six countries – Bulgaria, Greece, Latvia, Cyprus, Romania and Hungary – were characterised by a very high level of arrears matched with a very high inability to make ends meet, followed by Ireland, Lithuania, Poland, Estonia, Slovenia and Italy, all with a high level of arrears and inability to make ends meet[15]. The Netherlands, Czech Republic and Denmark had the lowest proportion of problem debts[16].

A 2010 study across the 27 Member States explored the changes in unemployment rates among individuals with and without mental health problems between 2006 and 2010. It found that the increase in unemployment rates for people with mental health problems was twice that for people without such problems and greatest in those groups with lower levels of education[17]. This is supported by evidence of a widening gap in health inequalities in mental health, such as in Spain, between 2006/07 and 2011/12[18] and by a WHO Europe review, which showed that debt and the other financial difficulties that increased during the crisis also increased the risk of poor mental health across the region[19].

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[11] Office for National Statistics (2103) *Healthy life expectancy at birth for Upper Tier Local Authorities: England 2009-11*. Statistical Bulletin
[12] Aniola, P. and Zbigniew, G. (2012) *Differences in the level and structure of household indebtedness in EU countries* in Contemporary Economics, vol 6, No 1 pp. 46-59
[13] Karanikolos, M. et al. *Financial crisis, austerity and health in Europe* The Lancet 381, issue 9874, pages 1323-31, 13 April 2013
[14] Eurofound (2011) *Household debt advisory services in the European Union* Dublin
[15] Director-General for Health and Consumers (2013) *The over-indebtedness of European households*. European Commission
[16] Aniola, P. and Zbigniew, G (2012)
[17] Evans-Lacklo, S. et al (2013) *The Mental Health Consequences of the Recession: Economic Hardship and Employment of People with Mental Health Problems in 27 European Countries* PLOS ONE
[18] Bartoll, X et al (2013) *The evolution of mental health in Spain during the economic crisis* European Journal of Public Health doi:10.1093/eurpub/ckt 208
[19] Wahlbeck, K et al (2011) *Impact of the economic crisis on mental health* WHO Europe

Are the effects of problem debt and low income different?

The impact of debt on health is the focus of this paper. It cannot, however, be ignored that having enough money to lead a healthy life is central to improving health and reducing health inequalities. The WHO Commission on the Social Determinants of Health was clear that poverty and low living standards are powerful determinants of ill-health and health inequalities[20].

> *There is substantial evidence that particular social groups are at higher risk of having low income. Some groups have significantly reduced employment opportunities; they include disabled adults, people with mental health problems, those with caring responsibilities, lone parents and young people. Many of the social and economic problems that lone mothers are exposed to are made worse by exclusion from paid work and lack of income. An increase in income leads to an increase in psychological wellbeing and a decrease in anxiety and depression. The more debts people have, the more likely they will have a mental disorder*[21]

These are, of course, not the only groups at risk from low income, poverty and indebtedness. Even more vulnerable groups include homeless people, Gypsies, Travellers and Roma, and vulnerable migrants.

The impact of poverty and low income on health are widely recognised. Poverty has many dimensions. It reflects an inability to satisfy basic needs, a lack of control over resources, lack of education and poor health, and of particular concern are the direct and indirect effects of poverty on the development and maintenance of emotional, behavioural and psychiatric problems[22] .

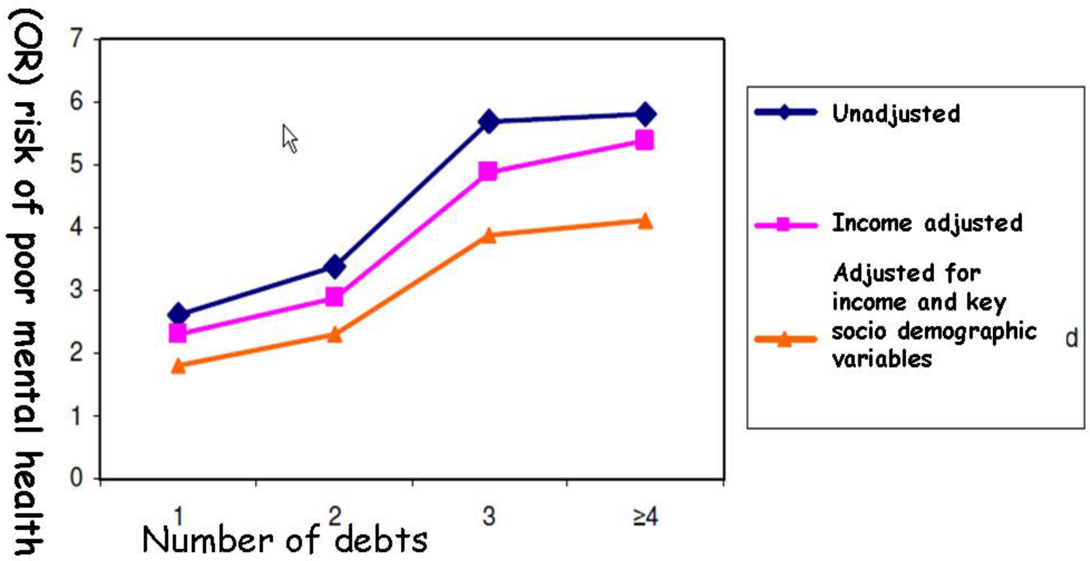
Problem debt is socially patterned, and it affects those on low incomes most. A UK Government survey found that only 4% of respondents reported outstanding debt or arrears, but this rose to 64% among people with annual incomes lower than £9500[23]. Low – or insufficient – income is associated with worse outcomes across all domains, including long-term health and life expectancy[24]

Both low income and problem debt are associated with mental illness, but the effect of income appears to be mediated largely by debt. This cross sectional survey of 8,500 people

[20] World Health Organisation (WHO). (2008) *Closing the gap in a generation* – Report of the Commission on the Social Determinants of Health,
[21] Marmot, M. (2010) *Fair Society, Healthy Lives* (The Marmot Review), page 76
[22] Murali, V. Oyebode, F (2004) *Poverty, social inequality and mental health* Advances in Psychiatric Treatment 10 pp. 216-224
[23] Department of Trade and Industry (2005) *Over-indebtedness in Britain*
[24] Marmot, M (2010) p. 120

between the ages of 16-74 years, found that of individuals with a mental disorder, 23% were in debt, compared with 8% without a disorder[25].

Risk of poor mental health in people with debt in Great Britain



Jenkins R et al. Debt, income and mental disorder in the general population. *Psychological Medicine*, 2008, 38:1485-1493.

This picture was reflected in a recent systematic review covering 34,000 participants. The review found that those in debt were three times more likely to have a mental health problem as those who were not in debt. Less than nine per cent of participants with no mental health problems were in debt compared to more than a quarter of participants being in debt and with a mental health problem[26].

Debt is associated with poor health outcomes when controlling for income and other socio-economic variables – and is a cause and consequence of mental health[27]. Thus, while problem debt has a distinct and separate effect from low income, the mechanism that joins debt and mental health seems to work both ways. People with debts – those people characterised by over-commitment, job loss, low income and illness[28] - are more likely to

[25] Jenkins, R. (2008) *Debt, income and mental disorder in the general population*
[26] Richardson, T. et al (2013)*The relationship between personal unsecured debt and mental and physical health: a systematic review and meta-analysis* Clinical Psychology Review 2013; DOI:10.1016/j.cpr2013.08.009
[27] Fitch, C. et al (2011) *Debt and Mental Health*, Royal College of Psychiatrists
[28] Aznar, C. (2009) *A life in debt: profile of Citizen's Advice Bureau clients in 2008* Citizen's Advice Bureau

have mental health problems, and people with mental health problems – which includes those people who are less likely to find work and a secure income - are more likely to be in debt[29].

The relationship between personal debt and health is complex – as noted, not all debt is 'problem debt' - and there is an overlap between poverty and debt. Another factor is the extent to which an individual perceives debt as a 'problem', and therefore a possible source of source of stress and anxiety. It is mediated by a range of factors, including family and other relationships, and the extent to which they are socially excluded[30].

Evidence suggests that the perception of a reported debt problem for respondents with 'objective' adverse financial circumstances is very sensitive to their reported mental health[31]. This suggests that the debt-depression link arises from a clustering with other characteristics – long-term illness and particular forms of indebtedness. It is the combination of these specific health and financial characteristics that appear to be behind the general association between depression and debt problems.

The economic crisis has thrown the issue of problem debt and its impact on the health into sharp relief – with an increase in the number of people seeking debt advice, with a 51% increase among men in the UK between 2007-2010. This increase suggests an increase in the number, severity or perception of debt problems in the years immediately after the 2008 financial crisis[32].

The impact of debt spreads beyond the individual, undermining relationships and contributing to mental health problems amongst children in a debt-affected household. Children and adolescents are not immune from the effects of economic shocks, particularly where there are adverse impacts on their parents[33].

<u>What is the evidence on the relationship between health and debt?</u>

A consistent message that has characterised previous research is that, despite the absence of robust evidence of a causal link, it seems implausible that being in debt makes no contribution towards poorer mental health[34]. More recent evidence suggests that this view has been overtaken and a clearer and more definite link between 'problem debt' and mental health has been established.

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[29] Meltzer, H. Bebbington, P. Brugha, T. Farrell, M Jenkins, R (2012)

[30] Debt has also been found to be independently associated with poor housing quality, job stress, lower levels of social support, recent stressful life events, domestic violence and caring responsibilities. Melzer et al. (2012) *Relationship between personal debt and common mental disorders* in European Journal of Public Health doi:10.1093/eurpub/cks021

[31] Bridge, S. Disney, R (2010) *Debt and depression* Journal of Health Economics 29 pp. 388-403

[32] "The impact of the economic downturn and policy changes on health inequalities in London", UCL Institute of Health Equity, 2012.

[33] Matot, J.P. (2012) *A lost generation – impact of the financial crisis on teenagers and young people* in Mental Health in a Time of Crisis. European Parliament

[34] Fitch, C. et al (2011) *The relationship between personal debt and mental health: a systematic review* in Mental Health Review Journal, volume 16, No. 4

It is, however, hard to be clear about causation, and say with certainty whether it is 'problem debt' that causes poorer mental health, or vice versa. It might be that debt leads to worse mental health due to the stress it causes. It may also be that those with mental health problems are more prone to debt because of other factors, such as erratic – or limited – work opportunities. Equally, it might be that the relationship works both ways. For example, people who are depressed may struggle to cope financially and get into debt which then sends them into depression[35]. Most commentators agree that the mechanism seems to work both ways.

Thus, while the association between debt and health is complex and often two-way, it is mediated by behavioural and social factors, such as social ties and drug and alcohol dependency.

Debt and mental ill health

Sadly financial problems and mental health are a marriage made in hell. Each rides off the back of the other. The net result is that a hugely disproportionate number of people with mental health problems face severe debt crisis. Not just because poor money management, impulse and emotional control are often symptoms of mental health problems – but because these health issues hit income too. For too many people, mental illness and debt come together in a spiral of distress that can carry a heavy cost[36].

Debt is a stronger risk factor in mental health problems than low income, whether it arises from housing, utility or credit debts[37]. And, as we have seen, adults in debt are three times more likely than those without debt to have a common mental disorder. In addition, almost 40% of those in debt had common mental disorders, compared with 13.9% of those without debt, according to the third national survey of psychiatric morbidity in 2007[38].

Again, the relationship seems to be two-way: 91% of respondents in the MIND survey said that debt or financial difficulties worsened an existing mental health problem; whilst 66% cited mental health problems as the most common reason for being in problem debt[39].

Suicidal "ideation" is linked to debt[40]. A Finnish study found that difficulties in repaying debts were found to be a factor independently associated with suicidal ideation – it was three times more likely amongst those reporting difficulties repaying debts, although suicide attempts did not seem to be associated with repayment difficulties[41]. Evidence from the Swedish recession of the 1990s suggests increased premature mortality from suicide along

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[35] Richardson, T et al. (2013) in Clinical Psychology Review 26 September 2013
[36] Centre for Mental Health (2013) *Welfare advice for people who use mental health services*
[37] Jenkins, R. (2008)
[38] Meltzer, H. et al. *The relationship between personal debt and specific common mental disorders*. The European Journal of Public Health, vol 23(1), 2013.
[39] MIND (2008)
[40] Fitch, C. (2011)
[41] Hintikka, J. et al (2007) *Debt and suicidal behaviour in the Finnish general population* Acta Psychiatrica Scandinavica 98: 493-496

with the duration of unemployment[42]. The 2008 recession has prompted claims that "in debt or jobless, the Italians chose suicide"[43]. In Greece, the total suicide mortality rate in Greece increased by 11.7% between 2007 and 2010, which coincides with the shrinking of the Greek economy by 6.8% over the same period[44]

The more debts a person has, the higher the risk of many common mental disorders, even after adjusting for income and other socioeconomic variables[45], which suggests a causal relationship. People with six or more separate debts had a six-fold higher incidence of mental disorders. Almost a quarter (23%) of those with mental disorders in the study were in debt, compared with 8% of those without a disorder. 10% had experienced a utility disconnection. Mental wellbeing, as measured by the GHQ-12, falls as outstanding credit rises, and higher debt levels are related to stress and/or brain impairment[46]

Indebtedness is associated with symptoms of depression, anxiety and anger – and debtor status is more consistently associated with mental health than any other indicator of socio-economic status[47]. Financial exclusion – such as the inability to access recognised financial services in an appropriate way – can compound the social exclusion of people with mental illness already experience in relation to education, employment and housing[48].

Debt is increasingly affecting older people as well as the people of working age. A recent survey found that older people who get into financial difficulties are eight times more likely to report being mentally unwell or depressed than those who live comfortably[49], a finding based on the findings in the Understanding Society survey, the largest social survey ever undertaken in the UK.

Debt and physical ill health

Studies that have widened their remit to consider physical as well as mental health have shown that high levels of debt are not only associated with higher perceived levels of stress and depression but also worse self-reported general health and higher diastolic blood pressure[50]. Stress plays a part in several disease processes, particularly those involving metabolic and cardiovascular systems as well as on health behaviours, including diet, physical activity and substance misuse[51].

[42] To add
[43] www.worldblog.nbc.news 9 May 2012
[44] Kondilis, E. et al (2013) *Suicide mortality and economic crisis in Greece* Journal of epidemiological and Community Health 67:e1 doi:10.1136/jech-2013-202499
[45] Jenkin, R. et al. *Debt, income and mental disorder in the general population.* Psychological Medicine Vol 38(10), 2008.
[46] Fitch (2011)
[47] Drentea, P and Reynolds, J.R. *Neither a borrower or a lender be: the relative importance of debt and socio-economic status for mental health among older adults*. J Ageing Health. (2012) Jun;24(4): 673-95
[48] Kempson E. et al (2000) *In or Out? Financial Exclusion: A Literature and Research Review*. FSA
[49] Hayes, D. (2014) *The relationship between mental well-being and financial management among older people*
[50] Sweet, E. et al. *The high price of debt: household financial debt and its impact on mental and physical health*. Social Science and Medicine, 91, August 2013, pp 94-100
[51] To add

This study found that high household debts relative to assets to be the most consistent and robust predictor of health outcomes, and high subjective assessment of indebtedness was the strongest predictor of blood pressure, suggesting that the psychological dimensions of debt may be particularly salient when it comes to cardiovascular health

These effects may be amplified by the impact of psychosocial factors – such as loss of control around unmanageable problem debt, particularly among lower socio-economic status groups – and aggravating health behaviours that result in poorer physical health outcomes[52] A recent debt and health and wellbeing survey found that 29% tried to take their minds off problem debt by drinking, 24% by eating and 29% by smoking[53]. An American study showed that being in debt – or perceiving oneself to be in indebted - may limit access to health resources or impact health decision making[54].

Debt also compounds the exclusion experienced by disabled people in other areas of their lives. Four-fifths (81%) of disabled people reported that financial problems had caused their general health and wellbeing to suffer, including by cutting back on food and fuel. One in three (35%) had visited their GP about anxiety and depression linked to their debts. 12% said they had contemplated suicide[55]

This relationship between debt and physical health can work the other way. The sudden onset of poor physical health through an unexpected and serious diagnosis or incident can result in indebtedness. Studies of the financial hardship after diagnosis and cancer treatment in the UK suggest that 90% of the 1.8 million people affected by cancer experience a significant drop in their income[56]. Money worries increased eightfold after diagnosis – from eight to 65% - and an estimated two in three parents and half of young people built up debt to make ends meet as a result of cancer[57].

Does the type of debt matter?

The evidence between debt and poor mental health is often strongest when considered against particular types of problem debt. This may partly be result the result of a clearer definition of 'problem debt', around specific debts, which in turn makes clearer the impact of debt on the stability and status of individuals and families.

Housing debt

The strongest evidence for a causal link between 'problem debt' and mental health is housing debt, partly because of the size of such debts. A typology of 'problem debt' found the UK

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[52] Matthews, K and Gallo, M. *Psychological Perspectives on Pathways Linking socioeconomic Status and Physical Health*. Annu Rev Psychol 2011:62:501-530
[53] Debtless (2013) *Debt and health* http://debtless.eu/?=568 18 February 2013
[54] Sweet, E. et al. (2013)
[55] Kober, C. (2005) *In the balance: disabled people's experience of debt*. Leonard Cheshire
[56] CLIC Sargent (date) *Counting the Cost: Study of Costs of Cancer Report* http://www.clicsargent.org.uk/content/counting-costs-cancer-report
[57] Indebtedness: Policy Mapping Matrix

grouped with Spain, Portugal, Ireland and Sweden where households are heavily indebted, and mortgages makes up 75% of all credit[58].

Across the EU, Studies have found a close link between the problems repaying housing debts and the mental health of households, an effect exacerbated by the economic crisis. This has resulted in an increase in the number of highly indebted households, the repossession of homes, and of evictions[59]. In Spain, the rates of people seeking primary care for mood, anxiety and other disorders have increased since the crisis, with perhaps a third of this risk attributed to the threat of unemployment or housing foreclosure[60].

According to Ministry of Justice figures for 2012 there were arrears on 300,000 mortgages in the UK with 34,000 homes having been repossessed, up 60% since 2006. More than 5,000 people become homeless each year because of rent or mortgage debt[61]. This effect is made worse by local falls in house prices, which has often accompanied the crisis. A greater deterioration in mental health has been observed in areas where house prices are falling, compared to the mental health of people in areas where prices are rising[62].

The mental health of men is particularly at risk when they have taken on housing debt in the past year – the impact of housing debt on health was stronger than that of unemployment or being widowed or divorced[63]. Interviews with family members experiencing mortgage repossession show they report stress and anxiety, particularly when engaging with lenders, the legal process and local authorities.[64]

Physical and mental health has been blighted by the experience of mortgage arrears and future aspirations damaged[65]. One study explored the consequences of mortgage arrears for the health of indebted home owners and their use of primary care services. It showed the experience of mortgage indebtedness has an independent effect on the subjective wellbeing of men and women, and that it increases the likelihood that men will visit their GPs[66].

The impact of housing debt on mental health may also reflect important psychosocial mechanisms that underpin problematic home ownership and poor health[67] – with profound psychosocial consequences for those that have experience of such indebtedness. The root of

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[58] Aniola, P. Zbigniew, G. (2012)

[59] Brown, S. Taylor, K. and Price, S.W. (2005) *Debt or distress: evaluating the psychological cost of credit*. Journal of Economic Psychology, 26 pp.642-663

[60] McDaid, D. Wahlbeck, K (2104) *Promoting and Protecting Mental Wellbeing During Times of Economic Change* in The Economics and Wellbeing: Wellbeing: A Complete Reference Guide ed. McDaid and Cooper

[61] Centre for Social Justice (2013) *Maxed Out – Serious personal debt in Britain*

[62] Gathergood, J. (2012) *Debt and Depression: causal links and social norms effects* The Economic Journal 122: 1094-1114. Doi:10.1111/j.1468-0297.2012.0 2519.x

[63] Taylor, M.P. et al. *The psychological costs of unsustainable housing commitments*. Psychological Medicine, vol 37(7), 2007.

[64] Nettleton, S. *Families coping with the experience of mortgage repossession in the new landscape of precariousness*, Community, Work and Family, vol 4(3), 2001.

[65] Nettleton, S (1998) *Losing homes through repossessions: a new 'public health' issue* in Critical Public Health 8, vol. 1 pp. 47-58

[66] Burrows, R. Nettleton, S (1998) *Mortgage debt, insecure home ownership and health: an exploratory analysis* in Sociology of Health and Illness, 20, pp 731-753

[67] Ford, J. Burrows, R and Nettleton, S (2001) *Home Ownership in a Risk Society.* Policy Press

the problem is the gap between the aspiration and the ability to pay, resulting in anxiety and depression and widening health inequalities.

Debt and workplace health

Work is good for health and there is strong evidence of a protective effect of employment on depression and general mental health[68]. Employee debt contributes to mental ill health amongst the working population, making it a performance and productivity issue for employers. Financial worries can lead to mental-health related sickness absence and presenteeism (employees attend work but their performance is impaired by physical or mental ill health). 10 per cent of employees in a survey of 2,000 workers believe that money worries affect their health and performance at work[69], making a strong case for workplace-based financial education. Debt-related mental health problems are associated with significant employer costs in terms of absence, legal fees and lost productivity – the lost employment costs of each case of poor mental health is estimated at £11,432[70].

A recent UK survey suggested that one in five found it difficult to find employment because of their debt and one in 10 had given up their job as a result of their debt problems[71] – with unemployment as a risk for distress, anxiety and depression, and poor health behaviours[72]. In Scotland, a debt arrangement scheme was introduced to give the employers a role in resolving the debt issues of their employees[73].

The loss of a job and removal from the workplace can also have an effect on mental health. A Swedish study confirmed the impact of unemployment on mental health, resulting in a downgrading of social status, loss of income and broken social relationships with the potential to lead to severe illness and reflected a resort to high risk activities, such as increased alcohol consumption. The study stopped short of looking at the incidence of indebtedness. It found that mortality rates increase with the duration of unemployment[74]. This impact was known before the 2008 economic crisis. Closure of a wood processing factory in Finland resulted in subjectively poor health, lack of social support, uncertainty about the future and lower income for the workers who lost their jobs, compared to a control group[75]. There was also a link between unemployment and suicide – with a strong

[68] Van der Noordt, M. et al. (2014) *Health effects of employment: a systematic review of prospective studies* in Occupational Environmental Medicine doi:10.1136/oemed-2013-101891
[69] Personal Finance Foundation (2009) *Employee debt: experts' view* Human Potential Accounting http://www.personalfinancefoundation.org/research/efd/UK-Employee-Debt-Expert-Article-completed.pdf
[70] Knapp, M. (2011) *Mental health promotion and prevention: the economic case*
[71] Centre for Social Justice (2013) *Maxed Out – Serious personal debt in Britain*
[72] Marmot, M. (2010) *Fair Society, Healthy Lives* p. 69
[73] Employers reference
[74] Voss, M, Nylen, L. et al (2004) *Unemployment and early cause specific mortality: a study based on the Swedish twin registry.* American Journal of Public Health 94(12): 2155-2161
[75] Viinamki, H (1993) *Unemployment and mental wellbeing: a factory closure study in Finland*. Acta Psychiatrica Scandinavia, 88: 429-433, doi:10, 1111/j.1600-0447.1993.tb03486.x

association between suicide and unemployment that is more important than the association with other socio-economic measures[76].

Are vulnerable groups particularly at risk of debt-related health problems ?

Debt and multiple disadvantage

There is evidence that some groups, including those suffering multiple disadvantage, are at particular at risk of developing debt-related mental health problems. Although debt advice services are focused on vulnerable and disadvantaged people, they are also prey to 'high cost' lenders - particularly pay day lenders – because of a lack of access to cheap credit or a lack of credit worthiness. These higher costs exacerbate the financial and health costs of 'problem debt' and are a major barrier to resolving indebtedness without further damage to individuals and families. People with high levels of debt in Sweden granted debt relief on fair terms through organisations likes credit unions enjoyed better heath than those without such arrangements[77].

Groups at higher risk of moving into problem debt and developing the associated mental health problems include all those with reduced employment opportunities (disabled adults, those with caring responsibilities, lone parents and young people)[78]. For lone mothers, owning a house with a mortgage, borrowing money and being in debt are all significantly associated with developing common mental health disorders[79].

The economic crisis across Europe has resulted in spending cuts and changes in the welfare system – including reductions in benefits levels – that affect the most vulnerable. For example, the UK is introducing Universal Credit - a single payment that will replace six other benefits. It is designed to simply the system, save money and to improve incentives to work. But, it is also expected to lead to a fall in income for some claimants. Structural changes to the payment regime – making payments on a monthly rather than weekly basis, including housing benefit in the single payment to the claimant rather than direct to the landlord, tightening the criteria for payment – increase the risk of household debt, including rent arrears[80]. Changes to benefits for those caring for seriously ill and disabled relative relatives are also expected to face changes to their arrangements over the next four years, putting additional pressure on household budgets.[81]

A snapshot survey by the National Housing Federation suggests that the introduction of the so-called "spare room tax" in April 2013 has increased levels of rent arrears amongst affected

[76] Lewis, G. Slogget, A (1998) *Suicide, deprivation and unemployment*. BMJ 317 1283-1286
[77] McDaid, D. and Wahlbeck, K. (2014)
[78] Marmot (2010) http://www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review.
[79] Fitch (2011)
[80] "Keeping well in hard times: protecting and improving health and wellbeing during an income shortfall", London Health Inequalities Network, 2013, http://www.cityandhackneyccg.nhs.uk/Downloads/gp/Public%20local%20news/Keeping%20well%20in%20hard%20times.pdf
[81] Carers UK report 2014

households. Its survey of 51 housing associations in England finds that around half (51%) of residents affected by the new tax were unable to pay rent in the first quarter following its introduction (April-June 2013). A quarter of those affected by the tax are in arrears for the first time, according to a smaller sample of 38 housing associations[82]

The limited evidence that people with a pre-existing, serious physical illness have an increased risk of problem debt has already been noted. Two-thirds of parents of children with cancer are forced to borrow money to make ends meet; 6% turn to 'pay day' type loans to cope with the additional costs, while 60% have to cut working hours to care for a sick child[83].

Drug and alcohol dependency and debt

Dependency on alcohol/drugs/gambling *and* financial debt forms a heady mix of risk factors for mental ill health[84]. Again, the relationship is complex and two-way: people in debt had twice the rate of alcohol dependence and four times the rate of drug dependence as those with no debt, according to the second national survey of psychiatric morbidity in 2000[85].

A study based on the third national survey (2007) confirmed this picture of being in debt and having an addictive behaviour increased the likelihood of having a common mental disorder. It found that people with any of these addictive behaviours and being in debt were about seven or eight times more likely to have a common mental disorder than the no addiction/no disorder group[86].

<u>Is the evidence reliable?</u>

This review builds on the quantitative and qualitative evidence on health and debt drawn mainly from UK and European Union sources. Despite earlier systematic reviews and growing recognition of the health implications of problem debt, the evidence although patchy and limited has improved in recent years.

The studies exploring the relationship between alcohol and drug dependency, debt and common mental disorder are based on extensive national surveys. Smaller studies – which often characterise this field – look at the experience of specific groups, such as the discrete Dutch study on homelessness which linked debt as a factor with mental and/or physical health and addiction in making people recently homeless[87]. Even poor quality evidence can

[82] National Housing Federation figures, September 2013, http://www.housing.org.uk/media/press-releases/more-than-half-of-families-hit-by-bedroom-tax-pushed-into-debt.
[83] "Counting the costs of cancer", CLIC Sargent, 2011.
[84] Meltzer (2013)
[85] Health and Social Care Information Centre (2009) *Adult Psychiatric morbidity in England – 2007 – Results of Household Survey* http://www.hscic.gov.uk/pubs/psychiatricmorbidity07
[86] Meltzer, H. Bebbington, P. Bruha, T. Farrell, M. Jenkins, R (2012) *The relationship between personal debt and specific common mental disorders.* European Journal of Public Health vol.23(1) pp 108 -113
[87] Van Larere, I. R. et al. (2009) *Pathways into homelessness: recently homeless adults' problems and service use before and after becoming homeless in Amsterdam* BMC Public Health 9 (3)

yield useful insights as long as it is treated with caution - many studies are snapshot surveys or interviews seeking to illustrate the depth of experience rather than statistical evidence[88].

Few studies explicitly focus on the relationship between 'problem debt' and health: the 2011 systematic review trawled 39,333 potential papers but only included 50 in the eventual review[89]. Some of these studies explore the link between debt and mental health are small and use selective samples, use rather general questions especially on debt problems making it hard to tease out the 'problem debt' aspects, and sometimes have difficulty failing to capture the simultaneous expression of debt problems with reporting depression[90]. There are even fewer longitudinal studies describing the pathways and transitions linking mental health, debt and poverty over time. No evidence of an association between debt and severe mental illness was found in an analysis of 52 relevant studies[91].

There are issues around definition. While 'debt' and 'mental health are often poorly defined in the research, including the measurement of debt and the assessment of mental health, a stronger link seems to exist where 'problem debt' is more clearly defined, such as in relation to housing and employee debt. There are also issues around data – not all Member States will have the necessary data to inform research studies, such as in Ireland[92].

Few studies examine the variations in individual responses to debt and how these might mediate the role of debt as a risk factor for mental ill health. For example, it might be the case that anxious people are more likely to be anxious about their finances; debt worries may be as – or more - important than the actual size or amount of the debt in terms of any impact on health[93].

A recent study also suggests a 'social norm' effect – that the mental health impact of 'problem debt', both mortgage debt and consumer credit debt, is less severe for individuals who live in localities in which 'problem debt' is more widespread. A finding in keeping with the literature on unemployment which shows that the effect of unemployment on mental health is less severe in localities where unemployment is more prevalent[94]

Debt and financial strain are certainly associated with depression and anxiety, but the nature and direction of the association remains unclear[95]. Attributing cause and effect is problematic, whether debt increases the risk of anxiety and depression or conversely whether common mental disorders lead to indebtedness. As we have seen, it is likely that it works both ways – people with debts are more likely to have mental health problems and people with mental health problems are more likely to be in debt. This view is summed up by the

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[88] Whyley (2010)
[89] Health and Social Care Information Centre (2009)
[90] Bridge, S. Disney, R (2010) *Debt and depression* Journal of Health Economics; 29: 388-403
[91] Royal College of Psychiatrists (2010) *Debt and Mental Health* http://www.rcpsych.ac.uk/Debt%20and%20mental%20health%20(lit%20review).pdf
[92] Mental Health Commission (2011) *The Human Cost – an overview of the evidence on economic adversity and mental health and recommendations for action*, p. 11
[93] To add
[94] Gathergood, J. (2012)
[95] Health and Social Care Information Centre (2009)

latest European Commission study that deteriorating health and wellbeing can be both a cause and a consequence of financial difficulty[96].

Further research is now needed to show exactly how debt leads to poor mental health, so that interventions can be designed to try and prevent those in financial trouble developing mental health problems and vice versa[97].

IMPLICATIONS OF THE EVIDENCE FOR ACTION

This review confirms that there is a

- link between 'problem debt' and mental health , independent of the effects of poverty
- the effect works both ways
- the greater the number of debts, the higher the risk of mental disorder
- the type of debt seems to matter, settings are important (housing, work)
- the position of vulnerable and socially excluded groups has worsened since the crisis, and is exacerbated by the growth of 'high cost' lenders
- the quality of evidence seems to be improving

The next step is to translate these findings into policy and action on 'problem debt' to relieve the mental (and physical) health pressures on people in debt.

Does a preventive approach to problem debt work?

Raising awareness of debt prevention, improving financial capability and signposting vulnerable people to available support and advice is at the heart of a preventative approach to reducing 'problem debt' and improving health and wellbeing.

Programmes that seek to boost financial literacy and empowerment are central to any effort to break the link between debt and poor wellbeing, particularly for high-risk groups and in particular healthcare settings, for example:

- education programmes to tackle the prevention of debt in GP surgeries and secondary care settings used by vulnerable groups (including the provision of guidance and booklets in cancer and psychiatric care settings)
- establishing care pathways and referral schemes that recognise debt can be involved in common mental health disorders
- closer collaborative working between health, advice and financial services in the debt field, including raising the awareness within financial institutions of the link between mental health and debt

The need for such an approach to debt based on boosting individuals' financial capability, particularly people with mental ill health, is shown by an update to a Mind 2008 survey[98], which showed that

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[96] European Commission (2013)
[97] Richardson, T (2013)

- three in 10 respondents said they were not able to make a reasonable decision about whether to take out a loan or not. This increased to four in 10 among respondents with problem debt
- a quarter of respondents said they were not able to understand the terms and conditions of a loan, increasing to a third of those with problem debt.
- over a third of respondents, and almost half of those with problem debt, said they were not able to ask questions or discuss the loan with the potential creditor.

Prevention can be effective

Evidence is building that an approach based on education to boost financial capability and empowering those in debt, and closer collaboration between health, advice and financial agencies is effective in reducing the link between problem debt and poor health and wellbeing.

Using data from the British Household Survey, the Institute for Social and Economic Research concluded that poor money management skills have significant and substantial psychological costs over and above those associated with low income or deprivation. For men, the psychological effect is similar to that of becoming unemployed, while for women, it is similar to going through a divorce[99].

The evidence also suggests that by improving financial capability improves an individual's general health by more than a rise in income. It shows that better results can be obtained by boosting the financial capability of a man with an income of £500 a month by a 14.5% improvement in his health score, whereas paying him £1,000 extra income only results in a 1.3% improvement in his score. A similar but slightly smaller effect is observed for women[100]. This study concludes that improving people's financial management skills would have substantial effects on stress-related illnesses and the outcomes associated with these conditions.

Local debt advice agencies have increasingly started to pick up the link between 'problem debt' and mental health, with signs of a growing association between stress, worry and debt since 2008 from those seeking help and advice from community and workplace support schemes. Step Change – "the UK's leading debt charity" – found that around 5,000 people a month using their online counselling service in 2012 were identified as potentially suffering from anxiety or depression. Of these almost 60% of those completing the charity's online wellbeing survey in 2012 had severe anxiety or depression.[101]

An estimated one in 20 contacts by employees with employer-sponsored assistance programmes (EAPs) seek debt support and advice, although this number is likely to be "much

[98] MIND (2008)
[99] https://www.iser.essex.ac.uk/centres-and-surveys
[100] Taylor. M. et al (2009) *Financial capability and wellbeing: evidence from the British Household Panel Survey*, FSA occasional paper series 34, 2009.
[101] StepChange Debt Charity figures.

higher" considering the co-existence of debt-related problems behind other issues such as relationships, property division and child support[102].

Financial advice gives people greater confidence in managing debt. A small National Debtline survey suggested that for nine out of 10 users, debt advice had positive effect on mental wellbeing. A positive effect on physical health was noted by two-thirds of users[103]. Although a 'snapshot' survey, the positive effect of advice is picked up in other studies. A six year longitudinal study confirmed a sense that advice helps the ability to cope with debt issues. It also recognised, however, that this improved sense of wellbeing does not always persist where debt problems remain unresolved[104].

Face-to-face debt advice is the best form of advice. The initial cost of the advice is more than offset by savings to the NHS, in legal aid and gains in productivity. Contact with a face-to-face advice service is associated with a 56% likelihood of the debt becoming manageable, while telephone services achieve 47%[105].

People's relationships – widely reported to be adversely affected by debt – are also reported to improve following advice[106].

How can healthcare providers and debt advice agencies support this approach?

The evidence of a link between 'problem debt' and mental health, and the mitigating role that boosting financial capability plays, makes it clear that debt management should be recognised as a problem, and one that can - and should - be addressed by health and debt advice agencies.

Models of debt advice vary across the EU. In several countries – Sweden, Netherlands, France and Hungary – local authorities are legally bound to provide debt advice services. In some cases, advice is provided by national-level public bodies, such as the Consumer Ombudsman in Greece, whereas in Ireland (through Money Advice and Budgeting Service) and the UK (through the Citizen's Advice Bureau) advice is provided separately from public administration but completely or partially-funded public funded[107].

Debt and financial distress has an impact of health services, particularly primary care and community services. This is reflected impact on general practitioners (GPs) in primary care and other health services in the UK, where it was reported that one in three users of debt

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[102102] Employee Assistance Professionals Association (2011) *Managing financial worry in the workplace* 19 April 2011 http://www.eapa.org.uk/news--managing-financial-worry-in-the-workplace.html

[103] Illuminas (2008) *National Debtline: Performance Evaluation*
[104] Orton, M. (2010) *The Long-Term Impact of Debt Advice on Low Income Households – the Year 3 Report* Friends Provident
[105] Williams, K. and Sansom, A (2007) *Twelve months later: does advice help? The impact of debt advice* Ministry of Justice
[106] Whyley, C. (2010) *Financial Inclusion Evidence Review – the costs of financial distress and the benefits of access to debt advice*
[107] European Commission (2013) *Over-indebtedness in European Households*

advice had visited a doctor due to the stress of being in debt[108]. However, there is reluctance among many GPs and health professionals who do not feel it is their job to help patients seek support to address debt and other social issues, despite being well placed to do so and with encouragement and practical suggestions from professional bodies, such as the Royal College of GPs (RCGP)[109].

Promoting referral from primary care settings, including GP surgeries, to social, psychological and occupational professionals could mean that individuals would benefit from earlier and more effective help and GPs would experience fewer repeat visits[110]. Creditors and debt advisers working with people with mental distress and 'problem debt' may require medical evidence, which can prove difficult to obtain and lead to delays[111]. The simple debt and mental health evidence form developed by the RCGP and Royal College of Psychiatrists was developed to aid this process and help improve coordination between health care and social care professionals and debt advisers[112].

There is an opportunity for health and social care professionals to improve their knowledge and understanding of debt and to recognise debt as an underlying cause of stress-related ill health. Health professionals should not be expected to become experts in debt but do need a working knowledge of the subject so they can engage early with people before a crisis point is reached.

There is scope for debt advice to be offered in a range of healthcare settings, including GP surgeries, perhaps asking about money worries should be part of routine healthcare practice. If debt problems are reported, professionals should screen for mental health problems. Health professionals should also consider brokering the relationship between a client and money advisers by helping clients prepare for meetings and even gathering paperwork in the same way that a handful have addressed benefits issues[113].

Client debt presents particular challenges to the role of nursing staff, and an opportunity to move from a crisis-based approach to one focused on prevention. Bridges could be built between community mental health nurses (CMHNs) and external debt advice agencies but nurses will need support in managing the potential role conflict that engaging with patients' debts can present. Nurses could raise and monitor debt issues with clients, but cannot be

[108] Whyley. C. (2010)
[109] Royal College of General Practitioners (RCGPs)/Royal College of Psychiatrists (RCPsych) (2009) *Primary Care Guidance on Debt and Mental Health*
[110] Government Office for Science (2008) *Foresight Mental Capital and Wellbeing Project: Final Project report – Executive Summary* London
http://www.bis.gov.uk/assets/BISCore/corporate/MigratedD/ec_group/116-08-FO_b.pdf
[111] Mind (2008)
[112] RCGP/RCPsych (2009)
[113] McAteer, M. (ed) (2012) *Debt and mental health*, in A nation living on the never-never: policy solutions to reduce Britain's personal debt mountain

expected to become proxy debt advisers. CMHNs should be encouraged to collaborate more with advisers, rather than just refer clients on to these agencies[114].

Mind's 2011 update of its 2008 survey[115] stressed that health and social care professionals had a role in expanding and improving the signposting and provision of debt advice. It found that

- some health and social care professionals recognise financial difficulties are relevant to patients' mental health, but practice is "very mixed"
- three out of 10 people said that their health or social care professional had asked them unprompted about financial difficulties and nearly a quarter had received help with finding relevant advice and
- over a quarter reported that they felt the health professional did not see their financial difficulties as relevant to mental health

The Citizens Advice Bureau (CAB) recommended that health professionals receive training to recognise when patients need debt advice and access to appropriate referral procedures in order to alleviate debt-related stress[116].

The need for a more integrated approach

A lack of coordinated activity across the health and financial services sector is a significant weakness. Guidelines on debt and mental health have been produced by a number of interested bodies – MIND, StepChange, as well as the Money Advice Liaison Group (MALG) - but they still have only had a limited profile in the health sector[117].

There is also little evidence of joined up, practical working between health and financial professionals, or between them and the providers of credit, principally lenders and landlords, despite the efforts of the Royal College of Psychiatrists and Money Advice Trust in working with lenders, creditors and debt collectors[118].

The growth of 'high cost' – or pay day – lenders, also makes it much harder for individuals and households to resolve 'problem debt'. This is a pressing concern in the Ireland and the UK

Payday loan companies do not treat their customers fairly. Despite the payday loan industry promising to clean up its behaviour, our evidence shows that payday lenders have broken

[114] Fitch, C. et al. (2007) *Mental health and debt: challenges for knowledge, practice and identify*, Journal of Psychiatric Mental Health Nursing, vol 14(2), 2007.
[115] Mind (2011) *Still in the red: update on debt and mental health* http://www.mind.org.uk/assets/0001/6203/Still-in-the-Red.pdf
[116] CAB (20xx) *Out of the picture*, www.citizensadvice.org.uk/out-of-the-picture
[117] Money Advice Liaison Group (MALG) (2007) *Good Practice: Guidelines: Debt Management and Debt Collection in relation to people with mental health problems* http://moneyadvicetrust.org/images/MALG_MHGuidelines_2007.pdf
[118] Fitch, C. et al (2014) *Lending, debt collection and mental health: a briefing for lenders, creditors and debt collectors*. Royal College of Psychiatrists and Money Advice Trust

their promises. We need payday lenders to be properly regulated, and for them to stop irresponsible advertising[119]

Under new UK regulations, the Financial Conduct Authority (FCA) has taken over regulatory responsibility for 'high cost' lenders. It has a new duty to introduce a price-cap on high cost short-term credit offered by payday lenders from January 2015, and these lenders will also have to take account of consumer's ability to repay a loan – for example, limiting the number of loan rollovers to two, and restricting the use of continuous payment authorities because of evidence of abuse by lenders, which drives borrowers into further hardship. A 'health warning' on advertisements is being introduced, together with information on not-for-profit debt advice providers, and more support provided for credit unions[120].

Weak coordination requires a new emphasis on the creation of 'debt care pathways' and better communications between local health and advice services[121]. A 2011 systematic review identified no published or unpublished papers or reports providing data on the linkages, referral mechanisms or pathways between advice agencies and health organisations in cases where an individual in debt presents with mental health problems[122].

This lack of co-ordination is also reflected in other EU Member States. A recent study found that a wider range of service providers are likely to be confronted by households with debt problems, not just health. They include employment services, social services, housing, social assistance, long-term care and child care[123], which provides a wider perspective on integration.

The Vroeg Eropaf (Approaching Early) programme in Amsterdam is an example of an integrated approach with housing corporations, utility companies and health insurers. It sends debt advisors to households to help them address their problems when they are two months or more behind in their payments. This system seemed to work well, with a decline in repossessions[124]. Social services, such as those treating addictions, have a role in looking more widely at the social issues. This study cited Finnish A, whose clinics traditionally limited their work to reducing addictions but who have more recently become involved in providing debt advisory services.

In France, the National Database on Household Credit Repayments Incidents (FICP) is part of the Government's preventive approach to over-indebtedness bringing creditors and debtors

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[119] Citizen's Advice Bureau (2014) https://www.citizensadvice.org.uk/index/campaigns/current_campaigns/paydayloans.htm

[120] Financial Conduct Authority (2013) *The FCA sets out in detail how it will regulate consumer credit, including payday lending* http://www.fca.org.uk/news/firms/consumer-credit-detail

[121] Jenkins, R. (2009) *Recession, debt and mental health: challenges and solutions* in Mental Health in Family Medicine, volume 6 (2)

[122] Fitch, C. (2009) *Debt and mental health - What do we know? What should we do?* Royal College of Psychiatrists, https://www.rcpsych.ac.uk/pdf/Debt%20and%20mental%20health%20(lit%20review%20-%2009_10_18).pdf

[123] Eurofound (2011) *Household debt advisory services in the European Union*

[124] Duboi, H. and Anderson, R. (2011) *Managing Household debts in the EU: An Integrated Approach to Service Provision* in Anderson, R. et al. Consumer Bankruptcy in Europe

together before matters go to law. Organised through the Bank of France - and with offices in each regional department - it engages with all banks and credit agencies and – like the Dutch example - uses late payments as a signal for assistance and support. The programme has the ability to enforce settlements between debtors and creditors to prevent legal action and it provided help for over 2.6 million people in 2012[125].

Getting help earlier is the main message from several studies with people in 'problem debt'. There are two issues: major difficulties in accessing advice through, for example, limited open hours, queues, delays in getting appointments[126]; and, facing up to 'problem debt'. This related to concerns about what other people might think, embarrassment and the possible stigma of entering into a debt solution, and/or being judged by society at large, employers, family members or debt advisors[127].

Delays in seeking debt advice seem to be common across Europe. 85% of clients felt they should have approached the Money, Advice and Budgeting Service (MABS) in Ireland earlier for debt advice[128], even though MABS is a nationwide credit union network and well placed to give advice and support. The Society of St Vincent de Paul (SVP), Ireland's largest charitable voluntary organisation, has worked to raise awareness and promote early contact with the charity by making the problem debt issue more mainstream to help reduce the stigma and psychological strain[129].

It is clear that people with 'problem debt' fall into more than once category. The Eurofound study suggested that there were two main groups

- long-term low income households, people on benefits, long-term unemployed
- 'new to need', groups with different needs

In terms of the 'new to need' group, the recession has pulled people into debt with no previous experience of coping with financial hardship, which may make them at greater risk of developing mental health problems than other more used to financial insecurity[130].

The EC review identified four distinct groups those with: 'payment incapacity', an inability to meet recurring expenses; 'structural problems', a persistent inability to meet recurring expenses; 'minimum standard of living', an inability to meet recurring expenses without reducing living expenses below the national minimum standard; 'illiquidity', inability to remedy the situation by recourse to assets[131].

Recognising these differences requires a customised approach for the different groups.

[125] Bank of France (2013) *National database on household credit payment incidents* http://vosdroits.service-public.fr/particuliers/F17608.xhtml
[126] European Commission (2013)
[127] Collard, S. (2012) *Working households experience of debt problems* StepChange debt charity
[128] Free Legal Advice Centres (2009) *To No One's Credit*. Dublin
[129] Gathergood, J. (2012)
[130] UCL Institute of Health Equity (2012) *The impact of the economic downturn and policy changes on health inequalities in London*
[131] European Commission (2008)

Umbrella support for people facing 'problem debt' has been developed through national websites in France and the UK. Budgeting tools and helpline advice are widely available[132]. Ireland and the UK have engaged with utilities to prevent 'problem debt', notably in respect of fuel poverty, recognising the implications for health of cold, damp homes. Other examples of tailored support include promoting financial awareness in schools through the National Curriculum, and preventing financial exclusion for prisoners on release through the National Offender Management Service[133].

Legal problems around 'problem debt' can exacerbate – and bring about – problems of social exclusion and ill-health, leading to health inequalities. Evidence suggests that co-locating legal advice and community health services facilitate cross-referral and reduce the consequences of civil law problems and ill-health[134].

Long-term low income remains a significant barrier to resolving 'problem debt' – and is a depressingly familiar study finding[135]. This has been compounded by the economic crisis where low wage growth and cuts in tax credits has had an impact, particularly when faced with rising prices for everyday expenses[136]. Even when people had rejected credit use and were committed to careful budgeting, insufficient income meant that still had a dilemma about how to meet their needs[137].

The Hungary country report of the Eurofound project found that the lower the household income, the more complex its problems – poor education, health problems – the more difficult to resolve and the more relevant social support[138].

Studies across the EU agreed about the need for a more integrated approach to service delivery in support areas such as legal assistance, financial advice, monetary relief and mental healthcare. This requires timely access to debt services, enhanced quality of debt advisory services, and the development of 'sound' institutions with an integrated approach to service delivery.

Problem debt is a factor in poor health outcomes, particularly mental health outcomes. It is a contributory factor to health inequalities because the burden is primarily borne by people on low incomes - often in poor social circumstances in terms of their housing, work or lifestyles – who find it hardest to address their indebtedness. The growing extent of problem debt in

[132] For example: Debt Remedy – free online tool: https://debtremedy.stepchange.org Freephone: 0800-1381111; First steps you should take if you find yourself with unaffordable debt: http://www.rethink.org/living-with-mental-illness/money-issues-employment General advice websites include: Money Advice Service https://moneyadviceservice.org.uk Citizen's Advice Bureau https://www.citizensadvice.org.uk National Debtline https://www.nationaldebtline.org.uk
[133] Whyley (2010)
[134] Pleasence, P. et al. (2008) *The health cost of civil law problems* in Journal of Empirical Legal Studies, volume 5, issue 2, pp. 351-373
[135] Orton, M. (2010)
[136] Resolution Foundation (2010) *Closer to the crisis? How low earners are coping with the recession*
[137] Friends Provident (2011) *Intelligence on Financial Inclusion*
[138] Eurofound (2011)

families is beginning to be more widely recognised. This awareness creates an opportunity for practical action to help people manage and – as far as possible resolve - their indebtedness, improve their health and reduce health inequalities across society. That is the challenge facing national governments, municipalities and voluntary and community organisations across the EU

ANNEX

Examples of schemes and programmes to address health and problem debt issues

Some UK schemes and programmes operating at health and advice agency-level to address the relationship between debt and health:

Money Advice Liaison Group (MALG) good practice guidelines and forms: this Group's guidelines state that creditors should allow a "reasonable" period for advice agencies and health professionals to collect and present evidence on a customer's mental health before taking any action. It adds that creditors should consider writing off unsecured debts when the mental health problems are long term, or where there is a poor prognosis for clinical improvement and it is highly unlikely that the outstanding debt will be paid. A debt and mental health evidence form is also available for debt advisers and creditors to request clear and relevant information from healthcare professionals on a customer's mental health problems where these seriously affect their ability to manage their money. www.malg.org.uk/debtmentalhealth.html

Royal College of Psychiatrists (RCPsy): promotes the uptake of debt adviser referral systems within health and social care and has distributed 250,000 copies of its *Final Demand* booklet signposting money advice services. The College has also published *Debt collection and mental health: ten steps to improve recovery*. www.rcpsych.ac.uk.

Royal College of Psychiatrists/Money Advice Trust: this 2014 briefing sets out for lenders, creditors, and debt collectors 10 steps for engaging fairly with vulnerable customers with mental health issues. It is based on four themes: complying with industry guidelines on responsible lending; devising a clear, written organisational mental health policy; ensuring plans are in place for a 'high impact' event (e,g, extreme distress, suicide); and, preparing front-line staff for dealing with vulnerable customers, http://www.mhdebt.info/wp-content/uploads/2014/04/LDCMH_report_web.pdf

Royal College of General Practitioners (RCGPs)/RCPsy: the two Colleges have jointly produced guidance for primary care on debt and mental health, which discusses the impact of poor mental health on debt, the role that financial capability plays in improving psychological wellbeing and the role of primary care. It suggests that GPs provide leaflets in waiting rooms with details of face-to-face services; that they screen for mental health problems in those mentioning debt problems; and that they consider offering space on their premises for local advice centres to provide outreach services. The guidance also discusses the provision of medical evidence to advisers and creditors whilst complying with data protection legislation.

Mind/Royal Bank of Scotland: this joint financial services/charity initiative has produced *Money and Mental Health*, a guide offering financial advice and signposts to sources of help and support. The publication has been distributed to GP surgeries, Citizens Advice Bureaux and local branches of Mind in England and Wales.

NHSInform: this Scottish health services online information service contains an area of advice and support on maintaining wellbeing whilst tackling financial issues, and discusses the circumstances in which people may wish to seek medical advice if they believe a problem debt is affecting their health. http://www.nhsinform.co.uk/MentalHealth/Wellbeing/Money-Worries-Unemployment-and-Debt

NHS Credit Crunch Stressline: was launched by the NHS in England in 2009 as a telephone helpline for people suffering from stress as a result of the credit crunch and subsequent recession. It refers people on to local health and advice services. http://www.jobs.nhs.uk/news/latest16.html

National Cancer Survivorship Initiative: the Work and Finance work stream of this initiative recognises that the majority of people living with cancer face financial difficulties, for example, 92% of people affected by cancer have suffered a loss of income and/or higher costs as a result, and 40% of people affected report that the financial impact of cancer has a negative impact on their quality of life. http://www.ncsi.org.uk/what-we-are-doing/work-finance/