

FREEZE
DEBT

DEBT ISN'T A DIRTY WORD

January 2021 Report



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OVERVIEW

The following information and statistics were gathered as a result of a survey carried out by Freeze Debt. The survey was sent out to 2000 respondents, specifically who had been, or are currently, in debt.

The questions asked were designed to gain an insight into the causes of, feelings around, and effects of debt on individuals, and explored a range of related topics including mental health, relationships, and conversations around debt.

Personal finance and debt remain somewhat 'taboo' topics that many struggle to speak openly about - but why?

Debt is a universal problem, and can creep up on those that are least expecting it, with many of the causes being unforeseen and unprepared for. Yet, despite the ubiquitous nature of debt, people still struggle to talk about it freely and without a feeling of shame.

The debt industry has, undoubtedly, been stagnant for a long time, and to coincide with our mission to revolutionise the way we talk about and deal with debt, we wanted to gain a greater understanding of our potential customers in order to transform the industry and make positive changes to end the stigma around debt.

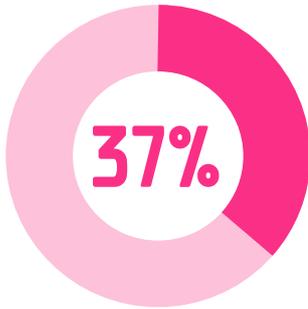
Unsurprisingly, our findings confirmed that debt remains a difficult topic for people to speak comfortably about, with 4 out of 5 people feeling that they have barriers that prevent them from speaking about debt. Other findings highlighted the effect that COVID-19 has had on debt, and in particular, could reflect the struggle that those working in the hospitality industry have faced as a result of the pandemic.

Mental health also appears to have been hugely influenced by debt problems, with almost 85% of those suffering with debt reporting it having a negative effect on their mental health. Worryingly, suicidal thoughts were reported as a result of debt worries by some, with younger people (18-24) most likely to experience them out of the ages ranges surveyed.

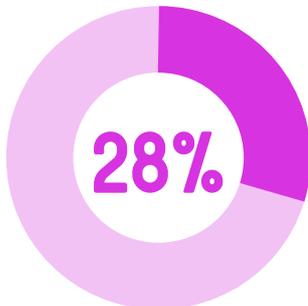
One of the most surprising discoveries we made was that over half of those surveyed wouldn't feel comfortable talking to their partner about debt, and over three-quarters of people wouldn't feel comfortable speaking to a family member. These statistics clearly support the notion of shame and stigma around debt - even amongst those closest to one another.

Read on to find out more about the survey and highlighted stats.

CAUSES OF DEBT



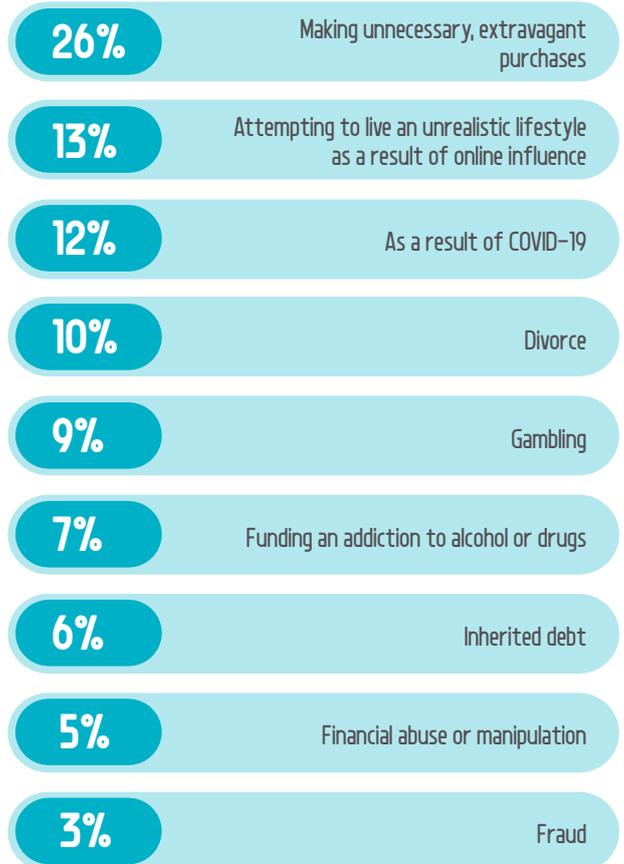
The most common cause of debt amongst those we surveyed was 'general poor budgeting,' with over a third (36.55%) attributing their debt problems to this, highlighting a need for better financial education to help people develop a healthy relationship with money.



Unfortunately due to the current state of the UK job market, over a quarter (27.85%) of people reported debt as a result of losing their job or having their income reduced.

Despite government efforts to provide help for those at risk of losing their jobs, the support came too late for many. According to The Guardian, as of December 1st, redundancies had reached over 250,000 and 9.6m people are currently furloughed.

OTHER CAUSES OF PERSONAL DEBT:



Additional causes of debt that were reported include:

- Living on a low income
- Raising children
- Relationship breakdowns
- Bad business decisions
- House moves and/or purchases
- Supporting loved ones
- Making large essential purchases

CAUSES OF DEBT



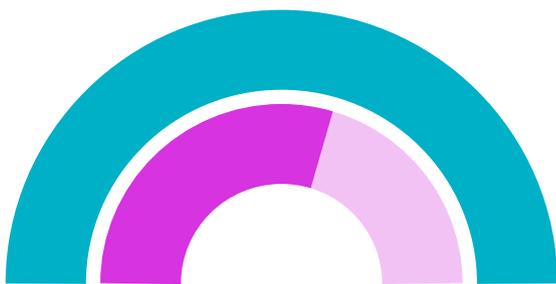
9.84%



9.18%

On average, approximately one in ten people found themselves in debt as a result of divorce.

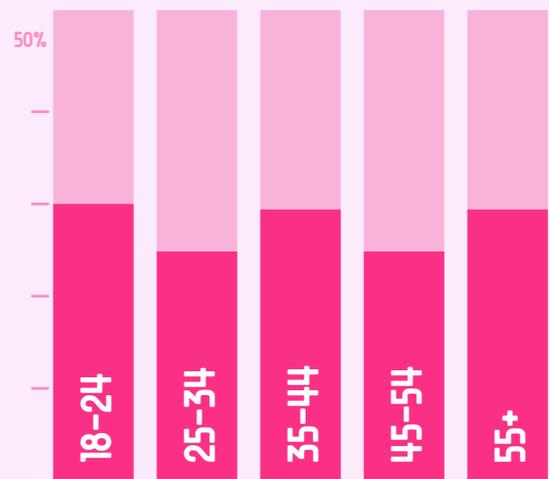
This figure is almost equal between men and women, with 10% of men stating it was the cause of their debt compared with 9% of women.



Gambling, another cause of problem debt, proved to affect men significantly more than women, with almost double the number of men accruing debt in this way.

12% of men reported their debt came as a result of gambling versus just 7% of women.

PERCENTAGE OF PEOPLE IN DEBT DUE TO LOSING A JOB/LOSS OF INCOME:



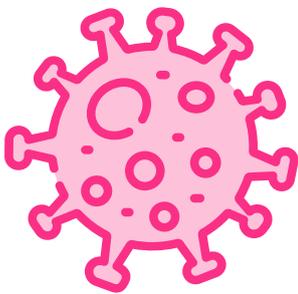
Gen-Z are the only age group more likely to be in debt due to losing a job over general poor budgeting, with 30% of them reporting to be in debt due to this. This reflects the pandemic's effect on the UK job market and the struggle that young people especially have faced.



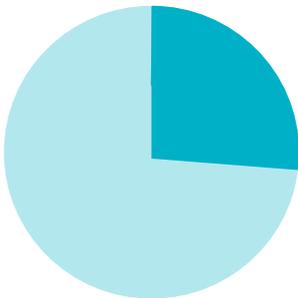
Debt due to losing a job/experiencing loss of income was most prevalent in London compared with other regions, with 40% of Londoners reported amassing debt this way.

CAUSES OF DEBT

As expected, the COVID-19 pandemic has had a huge effect on people's personal finances, with redundancy, income loss, sickness and extenuating circumstances at a high.



All-in-all, over 10% of those surveyed are suffering from debt as a result of COVID-19. Once government help such as the furlough scheme and payment holidays come to an end, this number is expected to rise.



Over one quarter (26%) of 18-24 year olds reported that COVID-19 was the cause of their debt problems. This could be a reflection of a struggling hospitality industry, where many younger people begin their working lives.



Interestingly, debt due to COVID-19 was most prevalent in London compared with any other region, with one in five (20%) people struggling as a result of the pandemic.

This might be directly related to London's prevalence of debt due to job loss or redundancy, both of which have been heightened as a result of the pandemic.

Again, loss of income and job loss may be a reflection of the struggling hospitality and entertainment industries which are particularly extensive in London and have been heavily impacted by COVID-19.

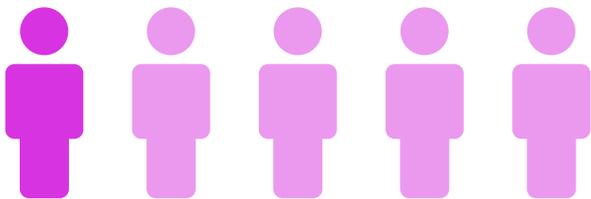
DEBT & MENTAL HEALTH

Debt and mental health, unfortunately go hand in hand. Poor mental health can lead to bad financial decisions and likewise, a bad financial situation can lead to poor mental health.

Similarly, debt, like poor mental health, looks completely different person to person.

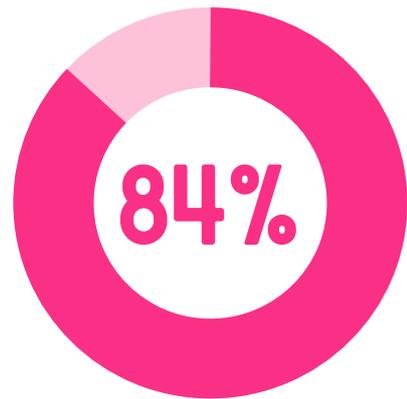
In order to find out how prevalent the link between debt and poor mental well-being is, we delved into the specifics of how being in debt specifically has affected people's mental health.

Additionally, we sought to find patterns and make comparisons between age, gender and region with regards to how debt impacts people's mental health.



One in five people report that being in debt has put a strain on their personal relationships.

This further supports the experience of feeling uncomfortable about speaking out about debt issues - even to loved ones.



84% of people say that being in debt has had a negative effect on their mental health, which appears high, but is unsurprising due to the stress that can come with financial uncertainty and struggles.



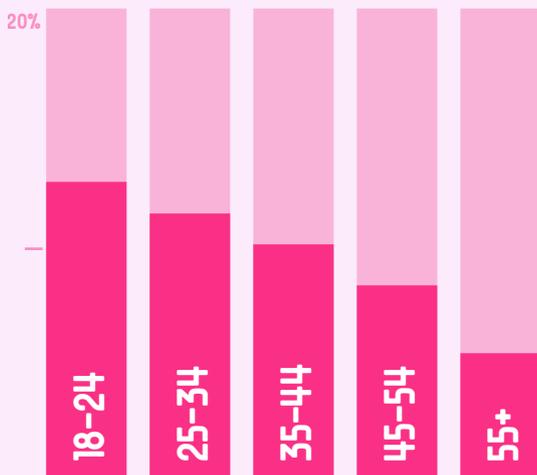
Depression was a common side effect of having to deal with debt problems, with almost 40% (38.5%) admitting to have felt depressed.

DEBT & MENTAL HEALTH

There are a multitude of ways that a person's mental well-being can be negatively affected as a result of everyday life. Often, these mental health struggles can reveal themselves as a consequence of debt and financial troubles.

Over time, the mental strain of being in debt can build, leading some people to develop unhealthy thought patterns.

SUICIDAL THOUGHTS AS A RESULT OF DEBT THROUGH THE GENERATIONS:



Over one in ten (12%) of Gen-Z (18-24 year olds) have experienced suicidal thoughts as a result of their debt - this is the highest percentage of all the age ranges we surveyed.

Overall, we see these figures decrease moving upwards through the generations.

9.33%

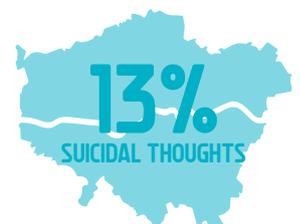
7.92%

Almost one in ten men and 8% of women in debt have experienced suicidal thoughts as a result of their financial problems.

8.81%

7.44%

Similarly, 9% of men and 7% of women have experienced thoughts of self harming as a result of their debt.



Our findings show that people in London are more likely to experience thoughts of self harming (16%) and suicidal thoughts (13%) than any other region in the UK.

DEBT & MENTAL HEALTH

The way in which men and women, and also different generations, experience mental health as a result of debt can be hugely varied.



The majority (61%) of women in debt have experienced anxiety as a result of their debt problems and over 50% have also reported to have felt stressed.

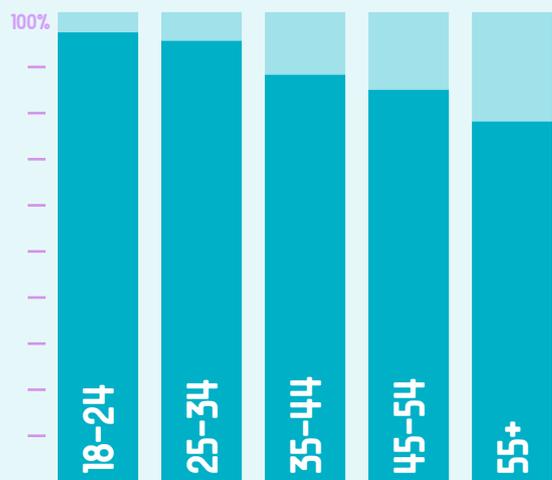
In contrast, 45% of men have experienced anxiety and 41% reported feeling stressed due to their financial situation.



Gen-Z are the age group most likely to feel they can't talk openly about their debt issues, with 91% of them feeling this way.

They are closely followed by 35-44 year olds, of whom 85% reported they felt they had barriers preventing them talking openly about their finances.

THE EFFECT OF DEBT ON MENTAL HEALTH SORTED BY AGE:



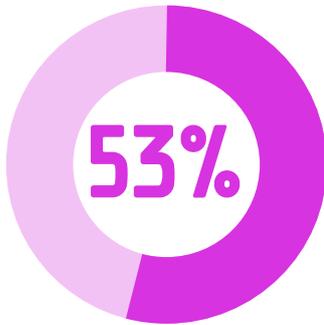
Our findings show that Gen-Z and Millennials are most likely to feel a strain on their mental health due to debt and in general, the figures decrease moving through the age groups.

94% of 18-24 year olds and 91% of 25-34 year olds reported that their finances had a negative impact on their mental well-being.

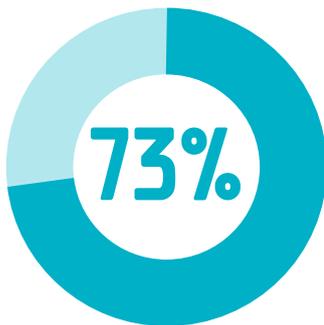


Over 55s are the age group most likely to experience stress due to their debt, with 50% of people reporting feeling this way.

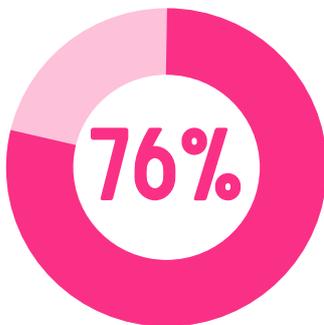
DISCUSSING DEBT



Over half of people would feel uncomfortable talking to their partner about their debt issues.

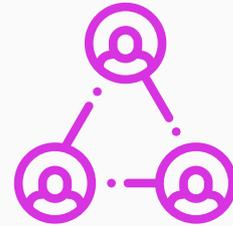


Almost three quarters of Brits wouldn't feel comfortable talking with a friend about their debt.



Over a quarter of people wouldn't feel comfortable talking with a family member about their debt.

Along with the mental health issues previously highlighted, it's interesting to see how debt can affect personal relationships, and that so many remain uncomfortable discussing their financial troubles, even with their nearest and dearest.



Women are more likely than men to confide in a friend or family member about their debts.



Men are more likely to speak with a financial or healthcare professional about their debts.



15% of people feel that they have no one at all to talk to about their debt problems.

DISCUSSING DEBT

It was interesting to find out exactly who people were comfortable speaking to, and whether this was something that could be changed with support from fellow debt industry leaders.



80% of people feel that they have barriers that prevent them from talking openly about debt.

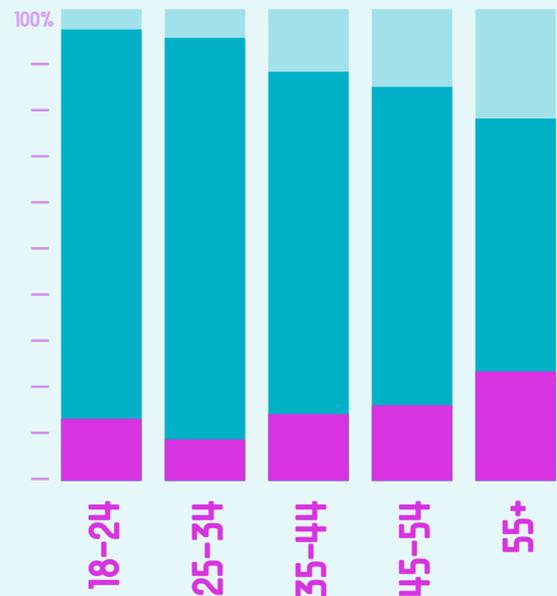


Shockingly, only 1 in 5 people (21%) would feel comfortable speaking to a professional debt advisor about their finances, which says a lot about the way the debt industry works, and highlights the need for change in order to help those suffering.

A COMPARISON BETWEEN MENTAL HEALTH AND PERCEIVED SUPPORT:

 Percentage of people who have experienced an impact on their mental health due to debt

 Percentage of people who feel they have no one at all to talk to about their debts



In contrast to what might be expected, our findings appear to show that as the impact on mental well-being decreases moving upwards through our surveyed age groups, the likelihood of having no one to talk to about debt actually increases.

This may be reflective of the tendency for older generations to keep their personal worries to themselves; as well as the general stigma that exists around discussing mental health that older generations tend to experience more.

DISCUSSING DEBT

So, why is it that those suffering with debt won't talk about it?

Four in five people feel that they have barriers that prevent them speaking openly about their debt. Our survey shows there are a multitude of reasons people may feel this way, such as not having access to the right resources, feeling embarrassment or shame, or not wanting to burden others with their problems.

TOP REASONS PEOPLE DON'T TALK ABOUT DEBT:

32%

Embarrassed to admit the reason they're in debt

30%

Fear of being judged by others about their financial situation

29%

Find talking about their debt embarrassing

26%

Don't want to cause someone else to worry about them

14%

Feel that no one would be able to help them

12%

Don't want their landlord to know they're struggling to pay rent

9%

Fear their partner would leave if they knew about their debt

The most common reason that people don't talk about debt is due to embarrassment over the reason they're in debt, with over a third (32%) of people feeling this way. Along with general poor budgeting, this again, could lead us to believe that financial education is lacking, and should be improved to prevent the risk of falling into the debt cycle.



Along with embarrassment, fear of judgement was reported as a common reason people don't feel comfortable talking about debt. This was especially prominent among women - a third of whom admitted feeling this way.



Whilst women worried about judgement, men worried about the problems that speaking out about their debt could have on their relationship, with more men than women worrying that their partner would leave them due to their debt.

BATTLE OF THE SEXES

34.92%

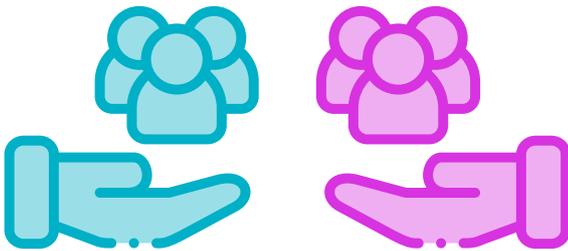
41.84%

Women are more likely than men to have experienced depression as a result of their debt, with 42% of them reporting this impact on their mental health.

26.74%

31.79%

Additionally, women are more likely to find talking about debt embarrassing, with almost a third (32%) of women feeling this way versus 27% of men.



Men and women are equally likely to feel a strain on their personal relationships due to debt, with approximately one quarter (24%) of people feeling this way.



Men are more likely than women to worry about their landlord discovering that they're struggling to pay rent.

14% of men are reluctant to talk about their finances for this reason over only 10% of women.

Debt, despite affecting people from all walks of life, can look hugely different for every individual. Our findings highlighted a significant difference between the effects that debt has on the mental well-being of men and women.

For instance, women (16%) are more likely to feel they have no one to talk to about their debt than men (14%). This goes against what might be expected, as stereotypically, women are considered to have more open communication within their social circles than men.

The statistics surrounding self-harm and suicide are even more worrying. According to CALM the single biggest killer of men under 45 in the UK is suicide. This aligns with our findings that show that 1 in 10 men have had suicidal thoughts due to their debt.

Again, the data that we've collected solidifies that better financial education and support for those struggling with debt is needed.

GENERATIONAL OPINIONS



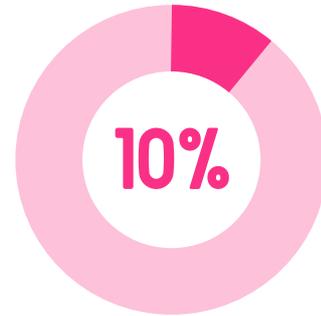
Almost one in five (19%) of Gen-Z (18-24 year olds) say their debt is due to attempting to live an unrealistic lifestyle as a result of online influence.



However, it's Millennials (25-34 year olds) that are more likely to be in debt due to making extravagant purchases, with 32% reporting that this contributed to their debt.



One common factor across all age ranges surveyed is general poor budgeting, which is the most common cause of debt for all age groups. Poor budgeting can mean more than one thing; while it could reflect a habit of spending on non-essentials, it could also simply be a lack of education around personal finances.



10% of Gen-Z and Millennials (18-34) say that their personal debt is due to funding an addiction to drugs or alcohol, whilst only 2% of those over the age of 55 cite this as the reason behind their debt problems.

This, understandably, reflects a more liberal approach to recreational drugs from the former age ranges, compared to those who are older and in turn have experienced less exposure to drugs and alcohol.

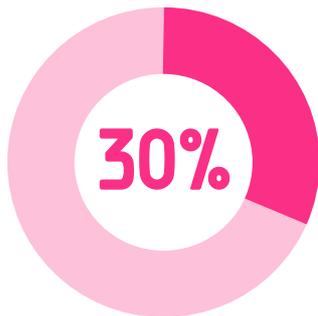
Older generations are also more likely to have 'more to lose,' potentially looking after a family, owning property and having developed a long and successful career – which could all be put at risk when over-spending on drugs and or/ alcohol.

Often, being watchful with money is only considered when an individual has a goal of saving money, rather than being a continuous practice. Due to this, poor budgeting can often be a result of spending that is, to the individual, normal, but becomes unsustainable when paired alongside unexpected monetary emergencies.

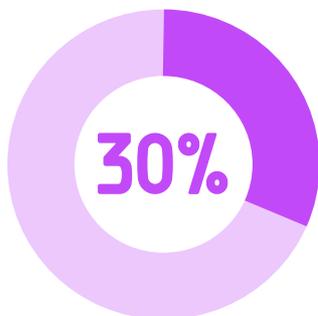
GENERATIONAL OPINIONS

Speaking openly about mental health and personal relationships is a quality that's only recently been actively encouraged.

As a result, general approaches or opinions towards these topics can be hugely influenced by age.

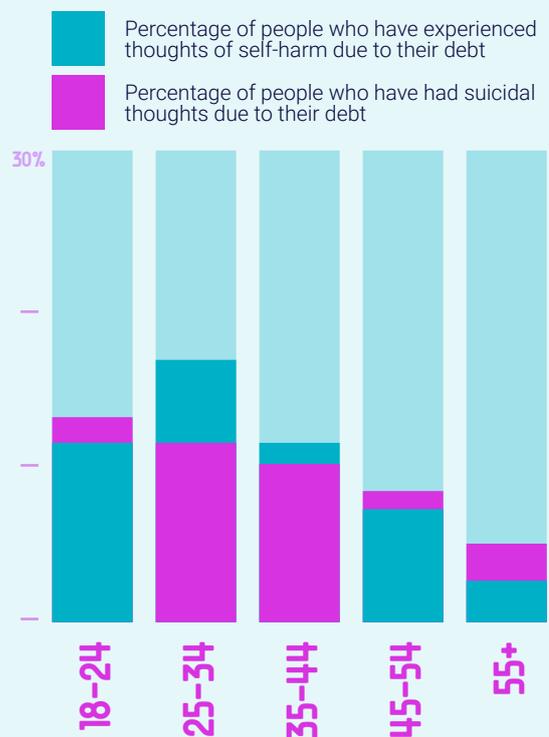


Approximately one in three of Gen-Z and Millennials have felt strain on their personal relationships due to debt, this figure decreases moving through the age groups.



Over 55s are most likely to keep quiet about their debt issues so as not to worry someone else, with almost one in three people feeling this way.

COMPARING THOUGHTS OF SELF-HARM AND SUICIDE THROUGH THE GENERATIONS :



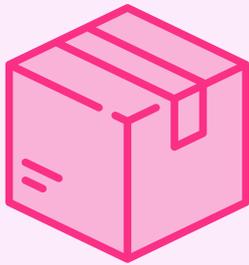
Millennials (25-34 year olds) are more likely to have had thoughts of self-harm than any other age group, with a huge 16% of them thinking this way.

In contrast, it's 18-24 year olds who are most likely to have experienced suicidal thoughts due to their debt, with 12% reporting to have felt this way.

This data aligns with what we've learned about debt and mental health, in that the younger generations tend to feel a greater impact on their mental well-being as a result of their debt issues.

REGIONAL DIFFERENCES

Our findings have also shown that people's experiences with debt can differ by region.

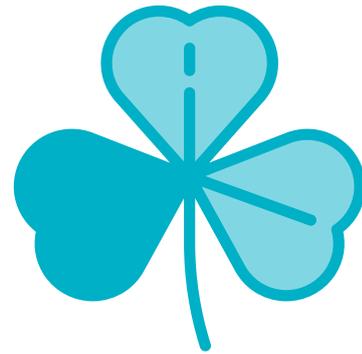


General poor budgeting was the most common cause of debt in all regions apart from London, where the most common cause of debt was due to losing a job or loss of income.



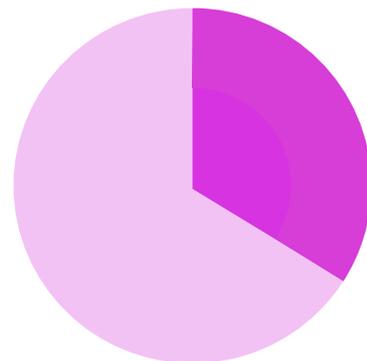
Almost half of people (44%) from London and the East Midlands reported that they've experienced depression as a result of their debt, this is more than any other region.

However, it was people from Yorkshire (60%) who have experienced the most anxiety and people from Northern Ireland (52%) who have experienced the most stress due to debt.



Almost a third of people in Northern Ireland (29%) feel they have no one at all that they can talk to about their debt.

Additionally, only 12% of people from Northern Ireland reported feeling comfortable enough to confide in a friend.

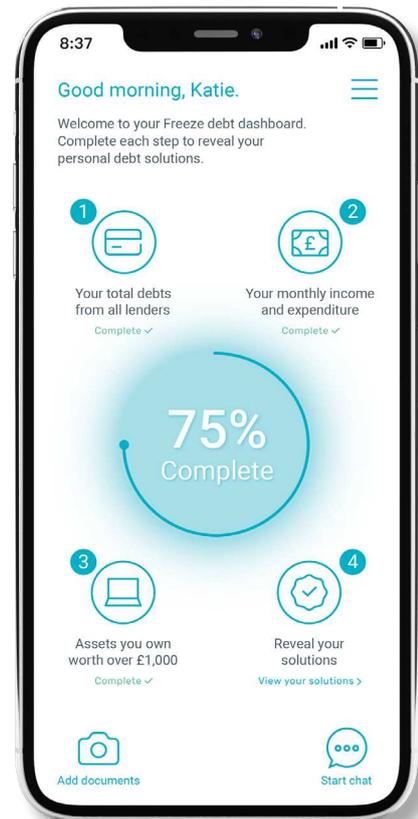


Across all regions, the main barrier preventing people from talking openly about their debt was embarrassment.

This is true for everywhere except the South East, where approximately one in three people (32%) felt they couldn't talk openly about their debt due to the feeling of being judged.

Freeze Debt is the UK's leading debt advice and solutions app, helping UK consumers to take their first steps towards a debt-free future with solutions based on their personal circumstances.

Our in-app messaging service provides an alternative way for debt sufferers to speak openly and confidentially about their financial worries, eradicating the need for uncomfortable and lengthy phone calls and providing a service.



"Freeze Debt have reduced my payments from £600 a month down to an affordable £149 a month. I was struggling to afford to even eat and live properly. The debt during the pandemic has affected me massively mentally, I was struggling to find reasons to move forward with life. Freeze Debt were amazingly polite, and are always there if you have questions. Thank you to the people involved in making my life liveable!"

Jarryd, 24, Huddersfield

"I am so pleased I took the plunge and downloaded the app. It was lovely being able to talk over chat at first as I was so upset and nervous about admitting how much debt I was in. Ashley was lovely and talked me through everything and got it all sorted. It took a while, but now it's all done and I can breathe again. Please download the app, don't sink into more debt and depression like I did. No one judges you. Do it, and get a good night's sleep for a change."

Patricia, App Store Review

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www.freezedebt.co.uk

www.debtisntadirtyword.co.uk