



Disability, Finances and Debt

- households with a disabled person



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Introduction

In 2022 the Consumer Council commissioned Social Market Research (SMR)¹ to explore how consumers, and particularly those with a disability, are coping financially during the cost-of-living crisis. This research presented the findings based on three complimentary elements: depth interviews with stakeholder organisations related to disability, a nationally representative survey of 1004 consumers, and depth interviews and case studies with consumers with a disability.

The report concentrated on how households with a disabled person are managing financially, the types of debt they have, where they go to borrow and how they are coping with repayments. We asked for particular focus on this area following on from our Lending, Savings and Debt Research in 2020² which found that households with a disabled person had a higher awareness of illegal lending.

This summary report reviews the main findings relating to financial issues experienced by households with a disabled person and how the increasing cost-of-living is affecting those consumers.

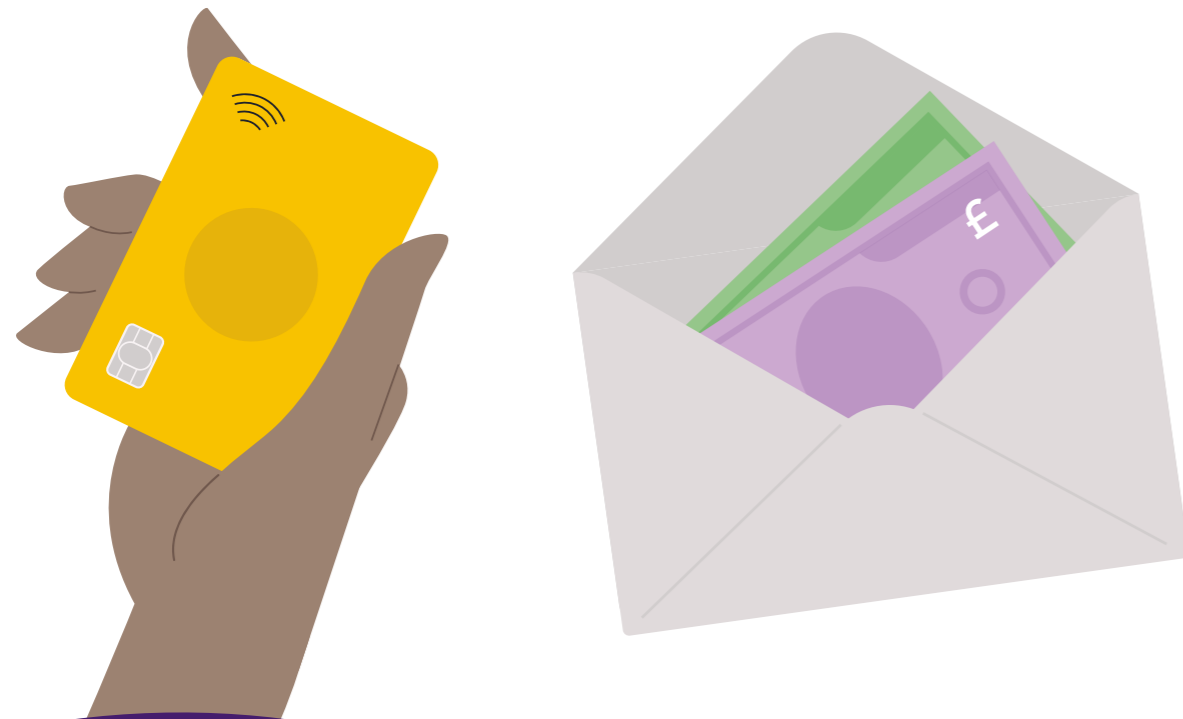


¹ Coping Financially in the wake of the cost-of-living crisis (Disability Focus) April 2023.

² [Lendings_Savings_Debt_Research_Report_NI.PDF \(consumercouncil.org.uk\)](#).

Strategic context

The financial position of consumers in Northern Ireland differs from the rest of the UK. We have higher rates of consumer vulnerability compared to the UK (50% vs 47%)³ and our lowest earning citizens are more reliant on social securities (74% vs 60%)⁴. We also have almost double the number of citizens claiming disability and carer's benefits compared to the UK (c. 20% vs c.11%)⁵.



Average household income in Northern Ireland is 14.3% lower than the UK (£54k vs £63k) and Northern Ireland has more households on less than £15k per year (22% vs 17%)⁶. Our average weekly discretionary household income is 54.3% lower than the UK average (£95 vs £208)⁷.

The 2022 Financial Lives Survey⁸, conducted by the Financial Conduct Authority (FCA), revealed that 10% of the Northern Ireland adult population held some form of high-cost credit product, such as pay-day loans and home collected credit.

In March 2022 the Centre for Social Justice published a report on illegal money lending in England⁹. This report again highlighted how disabled people were being targeted and exploited by illegal lenders. The report suggested that as many as 1.08 million people in England could be using illegal lenders, and of this figure around 65% reported having a long-term health condition/disability. Overall, it reported that around 90% of the respondents would struggle to find £200-£300 in an emergency.

³ Financial Lives May 2022 survey: selected results by nation of the UK, July 2023.

⁴ Consumer Council, Northern Ireland Household Expenditure Tracker for Q1 2023.

⁵ Disability & Carer's Benefits consist of: Personal Independence Payment, Disability Living Allowance, Carer's Allowance and Attendance Allowance. These percentages are based on the ONS UK population mid-year estimate of 67,026,300 (released: 21 December 2022) and the ONS NI population mid-year estimate of 1,904,600 (released: 21 December 2022), NI: NISRA and Department for Communities, Northern Ireland Benefits Statistics Summary, February 2023, UK: Department for Work and Pensions, DWP benefits statistics, August 2023.

⁶ Financial Lives May 2022 survey: selected results by nation of the UK, July 2023.

⁷ Asda, Asda Income Tracker for Q2 2023, June 2023.

⁸ FCA Financial Lives Survey 2022, Data Table 3: Product Ownership Summaries.

⁹ CSJ-Illegal-lending-paper.pdf (centreforsocialjustice.org.uk).

Finances and debt are important for disabled households

During our discussions with stakeholder organisations and consumers from households with a disability there was a view that a large proportion of people with a disability rely on state benefits. This in turn can make them financially vulnerable for a number of reasons. They may be at risk of being targeted by illegal money lenders, as they can be seen as a financial risk by many lenders. The risk of being exploited is particularly worrying for those with a mental health condition.

This research found that 70% of households with a disabled person reported that their income had decreased as a direct result of the cost-of-living crisis compared to 64% of the general population. Compared with all consumers, those with a disability were less likely to say they either have no debt or they can easily manage their debt (48% vs. 55%). Furthermore, it was reported that those with a disability were more likely to have stopped or missed a loan repayment (11% vs. 5%).

Financial planning was important too and seen as essential in trying to make ends meet. Disabled households were found to be going without just to cover costs associated with disability.

“You have to plan well. I try not to use credit cards and pay them off at the month end if I do.”

“I have consolidated all my debts to manage them better.”

“I plan all my spending carefully. If I am doing a long trip to the hospital, I won't go anywhere else that week.”

“I used to work in banking, so I am very good at planning and getting the best out of our money.”

The use of savings for everyday essentials was higher for disabled households (31% vs. 17%).

“We have a small amount of savings, but three white goods broke in the summer, so that drained nearly all our savings.”

“If the cost-of-living crisis stopped in the new year, we will probably be okay, otherwise the savings will be gone and then what?”

With this use of savings there is concern households will struggle to pay for essentials when all their savings are gone.

“There will be nothing left in the savings after Christmas, so if something else breaks it will be a crisis.”

“We have a small amount of savings, but we have dipped into these, and it is being whittled down.”

The most common source of lending for disabled households was family and friends with 76% of respondents stating this source. This was followed by overdraft use at 21% and bank loans at 20%.

“I do have to borrow for basics when I don't have enough money. I borrow from my brother; he doesn't always ask for it back.”

Key findings

The researchers interviewed stakeholders from organisations directly working within the field of disability in Northern Ireland and completed a questionnaire with them to gain a better understanding of the problems disabled households face. They told us that households with a disabled person spend more on basics than non-disabled households and that disability benefits often did not cover these extra costs.

They also spoke about how people on benefits often find it harder to access traditional lending routes as they are seen as more of a risk, and this makes it harder for disabled households as there is a higher proportion of these households on benefits. These stakeholder organisations also identified that disabled households are now borrowing just to make ends meet and that this is of particular concern as this may be unsustainable in the long-term.



Our statistical research with consumers also found the following:

31%

of consumers with a disability were less likely to say they are living comfortably compared with the general population (42%).

70%

Consumers with a disability (70%) were more likely to say the cost-of-living has negatively impacted on their household income compared with the general population (64%) or non-disabled consumers (62%).

68%

of those in receipt of Universal Credit (180 respondents) say that the removal of the £20 uplift has negatively impacted them.

48%

Compared with all consumers, those with a disability were less likely to say they either have no debt, or they can easily manage their debt (48% vs. 55%).

18%

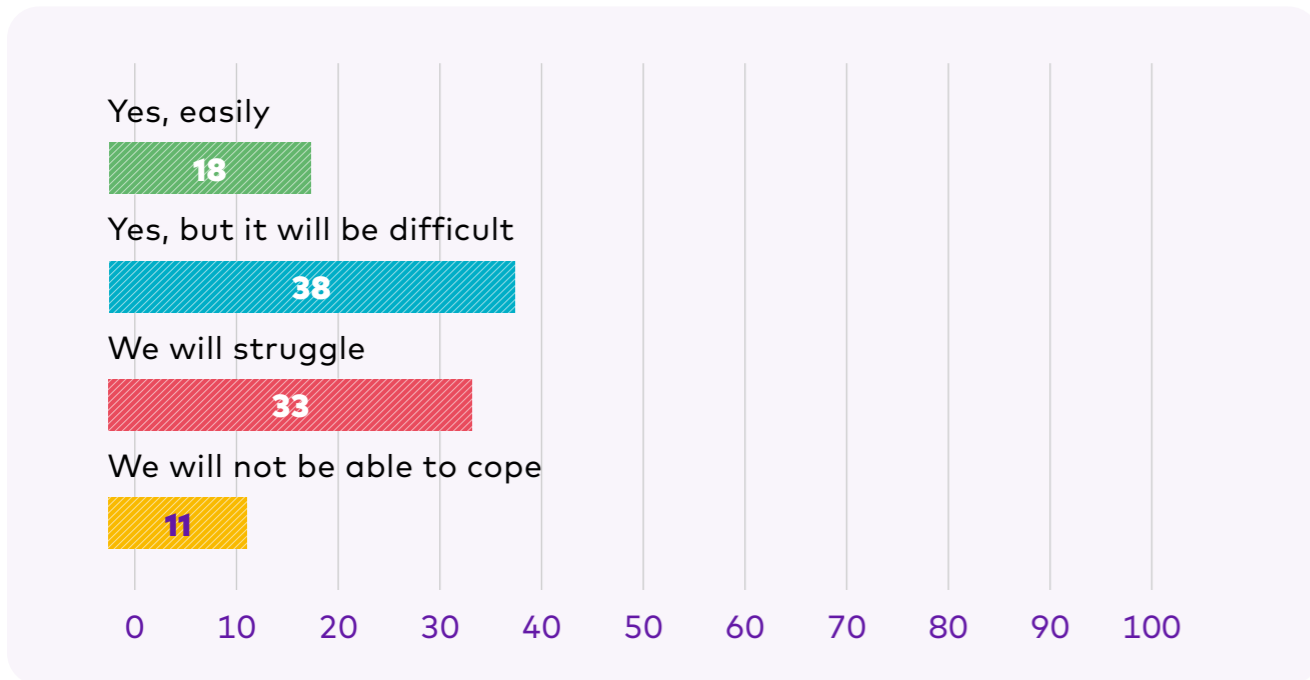
Among consumers with debt, 18% say their debt is becoming difficult to manage or they are unable to manage their debt (consumers with a disability, compared with non-disabled consumers, were less likely to say they have no debt or have debt they can easily manage: 48% vs. 59%).

51%

of all consumers had sought help and advice to cope with the rising cost-of-living, with particular groups more likely to have sought help and advice including social housing tenants (70%) and those living in low-income households (73%).

The table below shows how disabled households are coping financially given the increases in basic living costs.

You indicated that your household has additional costs because you or someone in your household has a disability. Can your household cope with these extra costs? (base=268)



This demonstrates that only 18% of disabled households are coping with the remaining 82% finding it difficult, a struggle or impossible to cope.

Consumer behavioural changes

The report also looked at consumer behavioural changes which have occurred as a result of the cost-of-living crisis. Some of the findings were:

- Consumers with a disability (85%) were more likely to have taken some action as a result of the rise in the cost-of-living compared with the general population (71%) and non-disabled consumers (65%).
- 13% of all consumers had stopped or missed a payment to a lender / credit provider.



Borrowing trends amongst consumers and reasons for borrowing

The report looked at types of borrowing and the need for borrowing. Consumers with a disability, compared with non-disabled consumers, are more likely to have both borrowed money (20% vs. 14%), as well as being more likely to consider borrowing money (18% vs. 11%). The following information was gathered from participants:

- 16% of all consumers had borrowed money because of the cost-of-living (13% have considered borrowing money).
 - Consumers with a disability, compared with non-disabled consumers, are more likely to have both borrowed money (20% vs. 14%), as well as being more likely to consider borrowing money (18% vs. 11%).
- ||** "I have a £1000 loan from the Credit Union to pay for things for my disabled son. I have been offered from doorstep lenders, but I won't take that money, it is too dangerous if you can't pay it back. My neighbour ended up paying six times what he borrowed. They are not the sort of people I want to associate with."
- Compared with all consumers, those with a disability were more likely to have borrowed money, or have considered borrowing money, as a result of the cost-of-living crisis (38% vs. 29%).
 - Among those consumers who have borrowed money, or have considered borrowing money, because of the cost-of-living, family and friends is the most common source of this borrowing (76% and 52% respectively).

- 65% of those borrowing because of the cost-of-living have borrowed £1000 or less, with 62% considering borrowing £1000 or less.
- 24% of consumers borrowing money because of the cost-of-living did so to pay for household essentials/ daily expenses, with 24% borrowing to pay for food and 18% borrowing to pay household bills.

|| "I had a credit card and paid it off a year ago and put the card away. But I've had to use it in the last three months because of the cost of everyday things. Now there is a couple of grand on it."

|| "I used to get paid monthly and would run out a few days before so I would take payday loans. It was easy and the money is in your account in minutes."

- 46% say that they are able to manage the repayments associated with their additional borrowing, with more than a quarter (27%) unable to manage (consumers with a disability, compared with non-disabled consumers, were significantly less likely to say they will be able to manage the repayment on their additional borrowing: 42% vs. 48%).

|| "We are the working poor and have had to pay everything in the past. We have had to elongate a payment period in the past, so the debt lasted longer and cost us more overall. We are just above the level of benefit help but yet don't have enough to do what we need."

|| "I did consider an IVA (Individual Voluntary Arrangement) but didn't pursue it in the end because I was able to renegotiate my debt payments."

Illegal lending

The research also sought to gain a picture of the prevalence of illegal lending within this demographic. Whilst it is accepted that the information will be limited given the sensitive nature of the subject, the research found the following:

- **17% of all consumers are aware of unauthorised or illegal money lenders in their area (2% have used them).**
- **Awareness of unauthorised or illegal money lenders is much higher among consumers with a disability compared with non-disabled consumers: 25% vs. 13%, with no significant difference in terms of use of unauthorised money lenders between consumers with a disability and non-disabled consumers: 2% vs. 1%].**

Financial context

Our latest **Northern Ireland Household Expenditure Tracker**¹⁰ covering Q1 2023 (January to March) shows the financial position of Northern Ireland's lowest earning households (Quartile 1), including changes to their income, expenditure, and in what areas they are spending most of their money.

The tracker reveals that in Q1 2023 (January to March), Northern Ireland's lowest earning households:

- **saw their weekly income after tax rise by £2.90 (1.2%)**
- **experienced weekly spending on basic goods increase by £2.44 (1.1%)**
- **spent 54% of their total basic spending on food, rent, energy, and transport; and**
- **have a discretionary income of £19.83 per week.**

Having a discretionary income of £19.83 left over after all essential expenses have been met, means the ability to cope with increasing costs is very limited. The tracker also shows that the lowest earning households are more reliant on social security income than the UK average, with 74% of the income being derived from social securities.

The research shows that stakeholders believe many people with a disability are using up savings and turning to credit to be able to cope and may be susceptible to being exploited. We know there has been a reduction in the availability of credit in some areas of the market, with the withdrawal of some high-cost credit providers. We also know that new forms of credit are increasing in popularity, such as Buy Now Pay Later (BNPL).

Our own research into BNPL products in NI¹¹ shows that it is the second highest credit source for NI consumers, with 18% of consumers using these products. The report also showed that the use of BNPL was significantly higher among those with a disability (56% vs. 29%).

37% of all BNPL users stated that they had experienced difficulty with payments, with 17% borrowing from another source to make the repayments. 48% of BNPL users claimed that they had used this type of product as a result of the cost-of-living increases they were facing, again this figure was higher for those with a disability (56% vs. 38%).

¹⁰ Consumer Council, Northern Ireland Household Expenditure Tracker for Q1 2023.

¹¹ Buy Now Pay Later Research March 2023.

Next steps

The research provides robust evidence that consumers with a disability have been disproportionately impacted by the cost-of-living crisis. They are more likely to report a negative impact on their household income, to have taken on additional debt to cope with the financial impact, but at the same time report being less able to manage this extra debt.

Households with someone with a disability have incurred additional costs because of the cost-of-living crisis, with energy costs being with most common additional costs for households with someone with a disability.

To support consumers, the Consumer Council continues to provide information to help empower consumers to make informed decisions. Our True Cost campaign www.consumercouncil.org.uk/trucost provides information on how consumers in financial difficulty can get free, confidential advice and support.

Our website includes self-help tools designed to help people save money such as our Home Energy Price Comparison Tool and Home Heating Oil Price Checker, and other resources.

In addition, the Consumer Council works closely with local, regional, and national government officials and representatives to highlight issues facing consumers in Northern Ireland and encourage appropriate support. We will continue to deliver a programme of outreach and engagement with consumers and stakeholder organisations to empower those with a disability to be able to achieve outcomes that are just as good as those without disabilities.





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