Fair4All Finance segments:

Pen portraits and personas

July 2024

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Our purpose for segmentation

to support the design and development of more effective financial products and services that improve resilience for people in financially vulnerable circumstances

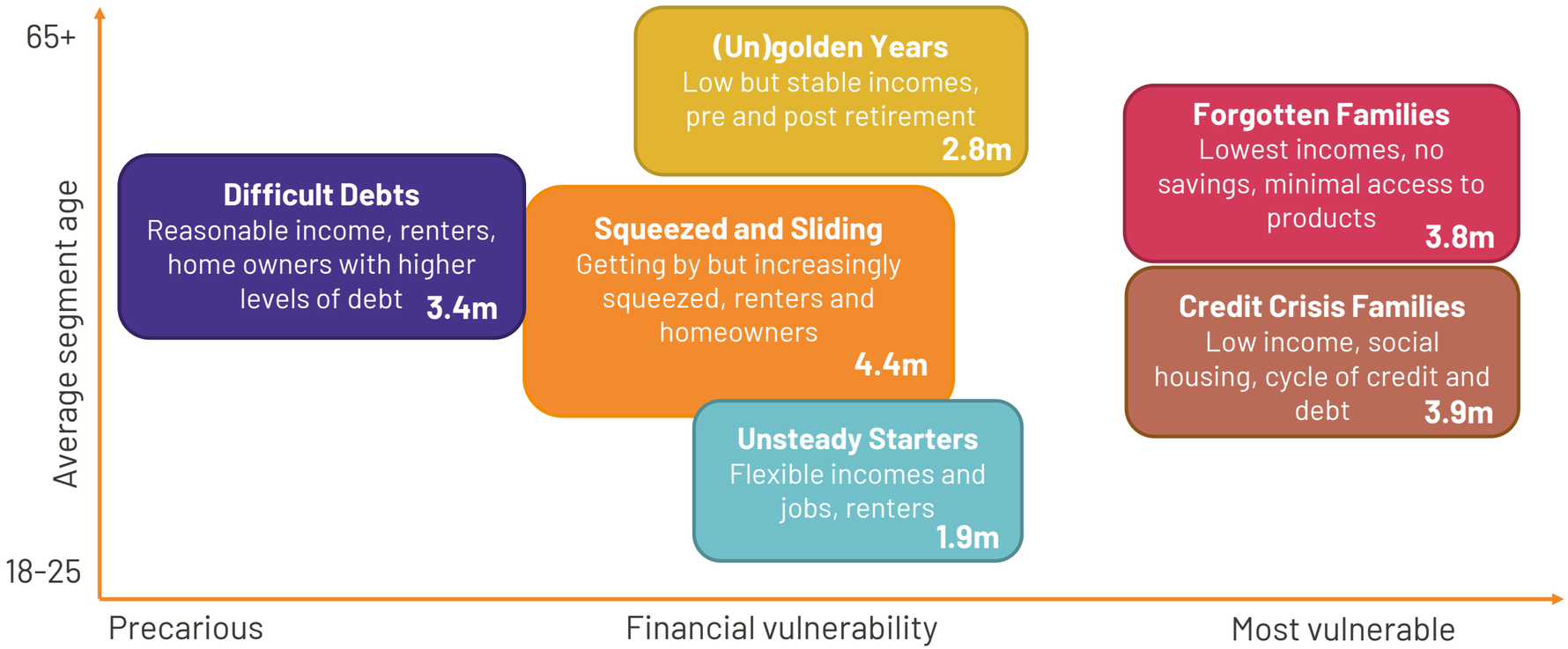
How we calculated the Fair4All Finance segments

- Fair4All Finance partnered with CACI, a data and insight consultancy, and Trajectory, a research agency, to develop a segmentation solution tailored specifically to Fair4All Finance's objectives. This involved combining data from multiple sources, including an online survey and CACI Fresco and Ocean datasets, which undertook several statistical analyses.
- These pen portraits describe key traits of each segment, but not everyone in the segment will have these traits. For example, not everyone in Unsteady Starters has children, but this is much more likely to be the case than seen in general for the financially vulnerable population.
- The personas are fictionalised, although based on findings from the Nest Insights Real Accounts project, a longitudinal study of 50 UK households.

More detailed information on the methodology to create the segments can be found here.

Segments by age and vulnerability

Six segments show the breadth of financial vulnerability – the size of the box represents the size of the cohort



Difficult Debts at a glance

3.4m Financially Vulnerable Population

17%

Age range
35-44

HH income
£25k-£50k

This segment experienced the biggest growth between 2022 and 2023, from 2.1m to 3.4m people

Family
57% have financially dependent children
14% are single-parent families

Debt
Very high debt levels (average £7k), multiple lenders and some missing payments

Housing
Private renters and homeowners

Savings
24% = none
26% = £1-£1,000

Type of work
Full time
Part time

Insurance
15% = none at all
This is higher than other segments

> We have pay as you go electricity and gas, it's almost doubled, we felt it big time. Even the little things, the bread, the milk, the nappies all cost more

> My daughter did gymnastics, but it costs too much money, so she can't do that anymore as we can't afford it

Focus areas for action

- Consolidation and management of existing debts
- Pathways to debt advice
- Short- and long-term savings resilience

George, 37, Bristol

3.4m **17%**
Financially Vulnerable Population

- **Lives with his partner in privately rented house**
- **Self-employed with part time job, household income is c.£40k**
- **£20k+ in debt in total, some recent, some much older**
- **Is under a debt management plan and using Buy Now Pay Later to structure payments for larger items**

Meet George

George is a self-employed graphic designer whose monthly income varies as his job depends on clients. This leads to **financial stress when his income falls short**. He adjusts his budget when this happens and tries to make up for it in future months, but sometimes clients are late with payments, or his income doesn't cover expenses, especially with the cost-of-living crisis.

George took several large loans out in his early 20s, and he arranged a debt management plan when he struggled to afford the repayments and became overwhelmed. **He found the structure of one monthly payment and the reduced interest helpful, but the plan has negatively impacted his credit rating**. George now has limited access to credit because of his worsened credit rating. He builds his savings as much as possible to cope with unexpected outgoings or if his income isn't enough for certain months of his debt management plan. For emergencies, he also has a personal credit card.

Shocked by rapid rent increases, he and his partner are trying to save extra money for a deposit on a flat. **George saves any additional money he can, but it gets depleted when his monthly income isn't as high as expected**. Whilst his student debt deductions are quite low and straight from his income, he is annoyed they are interfering with his ability to save, or the money could be used for pension payments, something he can't afford to pay into right now.

George will opt for Buy Now Pay Later payments to break down big payments and manage them more easily. He also has a shared credit card with his partner for emergencies. Still, he'll always pay his partner back on time, as his previous relationship ended partly because he struggled to keep up with household bills.

George's big plans rely on more financial stability, and **he tries to remain positive**. However, it's difficult to do so when money is always on his mind and his budget is always in flux.

(Un)golden years at a glance

2.8m **13.8%**
Financially Vulnerable Population

Age range
45-65+

HH income
£30k or less

The only segment to get smaller between 2022 and 2023, previously 3.1m

Family
13% are single-parent HH, higher % widowers/divorcees
39% have kids at home

Housing
Social housing and homeowners

Type of work
High number retired, those in work split between FT and PT

Debt
Average debt compared to FVC (average £6k) but increasing for some

Savings
37% = none
21% = £1-£1000

Insurance
17% = none
Health insurance under indexes

> No one is going to be able to help me get by, I need to look after myself and the kids

> I'm getting older. I don't want to be on a pension paying off a credit card. See you don't earn it, but you spend it like you do, then you have to pay back the debt

Focus areas for action

- Pensions accumulation for those pre-retired
- Access to affordable credit options
- Benefit calculators to target pension access

Jean, 61, Skegness

2.8m **13.8%**
Financially Vulnerable Population

- **Single, lives alone in her own, mortgaged home**
- **Lived in the area all her life and often hosts her grown up children and their kids**
- **Multiple-part time jobs and small pension being paid**
- **Ambition to be debt free by time she retires**

Meet Jean

Jean has worked hard all her life and is proud that she has always provided for her children, especially as she raised them independently. She left a bad relationship with significant debt that affected her credit score for many years, but she has learned a lot and worked hard to improve her situation. Rather than shy away from credit now, Jean has become very conscious of using it wisely.

Jean holds down two part-time jobs, **both with irregular pay and hours.** One is a chef in a local school, so her hours are limited to term time, and the second is that she works as a carer, but the hours are inconsistent, and they can only promise her up to 10 hours a week. Even though her income is volatile, she always plans to ensure she has enough money in her account, and she's always budgeted well.

The most challenging aspect of her financial situation is the **joint credit card she shares with her son,** which has a £4,000 debt. They took out this debt when his business faced challenges, and Jean trusted that he could pay it back on time. However, sometimes, he missed payments, forcing Jean to cover them. She will need to continue to work hard if he continues to miss payments.

Jean uses credit wisely. When she needed a car for work, she chose a bank loan over car finance, as she felt there was more security in case of repayment emergencies. She has a small overdraft facility for other emergencies and recently opted for Buy Now Pay Later to replace her cooker. She might put family holidays on her credit card but always repays the balance and makes over the minimum payments.

Jean has a small pension pot, which she began building later in life and took money from when she was financially struggling, something she regrets now. Her main goal is to pay off her mortgage, which will then massively reduce her monthly outgoings. She has managed to save a little extra every month to do this, and when she could, she overpaid on her mortgage to prepare for her rate changes.

Jean knows she'll still need her credit card occasionally, especially around Christmas and for treats for the grandkids. **Through all the ups and downs, Jean remains dedicated to managing her finances responsibly and ensuring her family's happiness.**

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Unsteady Starters at a glance

1.9m Financially Vulnerable Population

9%

Age range **18-34**

HH income **£25k+**

Significant growth for this segment, up from 1.3m in 2022

Family
55% have children at home
24% are single parent families

Debt
Likely to have multiple, but lower than average debts (£5k)

Housing
Private renters

Savings
19% = none
35% = £1-£1,000

Type of work
Full time or part time
Zero hours contracts
Changes to job recently

Insurance
22% = none

> There are times I get a shift or two less a week, and I have to borrow because I can't afford it at the time, so I borrow like £100-£200 off a friend and pay it back on time, all the time

> I am very conscious of how expensive housing is as a renter and how much money it takes from my income. I have no way to reduce that cost; if anything, I expect it will go up

Focus areas for action

- Income volatility is a big factor in accessing credit, as well as age, despite reasonable incomes
- Helping to build short term savings now, and long term in the future
- Likely to be underinsured, and combined with low savings, puts them at risk

Sam, 24, Kent

1.9m **9%**
Financially Vulnerable Population

- **Sam lives in rented accommodation near Kent**
- **Sam has previously struggled with his mental health, and this has had financial impacts**
- **Recently started a new business**
- **Relies on informal loans from his family to get by**

Meet Sam

Sam lives on his own in a flat that he rents. He's in the process of setting up a small business, looking for a stable income and the benefits of being self-employed, especially after a bad experience in a previous workplace. Currently he receives Universal Credit and PIP whilst setting up his business, giving him some income, but he often relies on his parents to help cover his rent.

In the past, Sam faced a challenging period with his mental health, which made it impossible for him to work. **During that time, he accumulated balances on credit cards, overdrafts, and used catalogue credit and Buy Now Pay Later to afford essentials**. Along with his parents' help with rent, he also relies on informal loans from his parents and his partner's parents.

Now that his mental health has improved, Sam is hopeful that his small business will provide a stable income, allowing him to start repaying the support his family has given him.

Paying off his main debts takes up nearly 20% of Sam's monthly expenses, leaving him to scramble for money to cover rent, bills, business setup costs, and any other spending. This financial strain is a constant worry for Sam, and he's concerned that it might impact his mental health again. Unfortunately, it seems like his debt won't be decreasing anytime soon, as it might take a while for his new business to really take off.

Sam's new business is still in its early stages, so he finds himself living day to day. He'd love to be able to think more long-term about his savings and finances. **Being savvy with money is essential for Sam as he navigates, applying for a mix of grants and loans to support his business and his personal costs**. He diligently pays off a business loan, which is a personal liability, but juggling this with his other debts often leaves him with more month than money. Without the informal loans from his family, Sam would be struggling even more.

Squeezed and sliding at a glance

4.4m **22%**
Financially Vulnerable Population

Age range
25-44

HH income
£30k+

High growth for this segment, up from 3.9m in 2022

Family
51% have children at home
16% are single parent families

Debt
Higher than average (£7k) and increased in last year

Housing
Primarily homeowners – either outright or mortgage

Savings
20% = none
31% = £1-£1,000

Type of work
Most work full time or part time
Working more hours to cope with price rises

Insurance
21% = none at all

> I don't like debt. But sometimes something breaks and you need to get it fixed, like the car I need for work, so then you have to put it on the credit card

> My income just about covers expenses – I know where every penny is going – but sometimes it's just not enough

Focus areas for action

- Managing multiple sources of debt. Could benefit from consolidation to free up money for essential costs.
- Medium term opportunity to help re-build a savings buffer
- Retaining appropriate insurance despite rising costs to support resilience

Jack and Emma, 27 and 28, Norfolk

4.4m **22%**
Financially Vulnerable Population

- **Married couple in their late 20s, with young children**
- **They live in rented accommodation in a rural area**
- **Jack works full time and Emma part time, both getting paid at least every month**
- **Want to pay off debts and build a savings safety net**

Meet Jack and Emma

Jack and Emma have a steady income with Jack working full-time and Emma part-time, but large costs like childcare mean their dual income just about covers their expenses. Jack's paycheck sometimes comes every five weeks instead of four, and they often find themselves with more expenses than income, leading them to rely on credit to bridge the gap.

Both Jack and Emma are **proactive in trying to reduce expenses wherever possible**, whether it's shopping around, comparing products, buying second-hand, or carefully considering every expenditure. Despite their efforts, they feel their situation has worsened during the cost-of-living crisis.

They hoped the extension of free childcare in April 2024 would give them room to breathe, even with Emma working part-time to cover some of the expense, but it's not been as helpful as they hoped. Emma says that she can't see the wood for the trees, and if she didn't work, there would be even less money, and she doesn't want to make any drastic changes like quitting her job to stay at home while they are still paying down debts.

In the past, Jack worked in an unstable job with an unreliable income, heavily relying on credit cards and overdrafts. **The interest from these debts worsened their financial situation significantly**. They took out a bank loan to consolidate their debts but found that their provider kept increasing their payments.

Jack and Emma are proactive about budgets and their expenses, and Emma manages many of the payments they have manually (rather than direct debits), often moving money around and making sure she pays them on time. They will save for things and collect rewards points and vouchers wherever possible, but **they currently have no savings.**

They look forward to the day when they can move past the cycle of living paycheck to paycheck. One of their biggest hopes is to pay off their debts and build a safety net of savings, allowing Jack and Emma to handle unexpected expenses without relying on credit.

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Credit crisis families at a glance

3.9m **19.1%**
Financially Vulnerable Population

Age range
25-34

HH income
<£30k

Small growth for this segment, up from 3.5m in 2022

Family
60% children at home
42% are single parent families

Housing
Live in a housing association, or private rent

Type of work
Full-time
Part-time

Debt
Lower than average debt (£4k)

Savings
39% = none
36 = £1-£1,000

Insurance
39% = none

> I haven't just taken this loan for a holiday, I've done it to support myself with food, gas and electric. I feel like it's a downward spiral

> If you get help, you have to go to people who are going to charge you a lot, and it ends up dropping you in it even more

Focus areas for action

- Income maximisation services could help increase incomes by up to £400 a month
- Ongoing access to small amounts of affordable credit and financial support will help improve resilience
- No/low interest loans could spread the cost of unexpected / emergency expense shocks

Aisha, 26, Southampton

3.9 **19.1%**
Financially Vulnerable Population

- **A single mother of young children and a social renter**
- **Income is mainly from benefits**
- **Universal Credit transition led her to fall into utility and rent arrears**
- **Uses her overdraft often and uses informal loans**

Meet Aisha

Aisha, a single mother of young children, faces significant financial challenges. **She receives little and irregular support from her children's father and relies heavily on various benefits such as weekly income support, child benefit, and child tax credit**. To boost her income, Aisha tried working as a teaching assistant, but managing her children's schedules made it impossible to find suitable hours.

Her income support benefit was stopped when her youngest child started school, so she had to switch to Universal Credit. Even with help from a local charity, the transition took several months, and her case was opened and closed repeatedly. This delay and gap between payments left Aisha **£800 behind on her rent and utility bills, and she had to take out loans to cover these expenses, regularly relying on her friends and family to help her financially**. She worries about what might happen to her relationships if she overuses the support or can't pay the money back.

The switch to monthly Universal Credit payments also disrupted her usual weekly budgeting, increasing her financial strain, and she has been left with debt from the interest accrued during the process.

Even before transitioning to Universal Credit, Aisha frequently relied on credit to make ends meet, and she still does. She had to move house and needed to buy furniture for her home including a bunk bed for her children, and now has around £4,000 worth of debt. Her ex-partner had promised to contribute but this hasn't happened. It isn't the first time he has let her down for the money he owes her.

Due to her poor credit score and past debt, Aisha has limited credit options. She still needs to buy food, clothes for her children, and cover other expenses like school trips. **She uses her £500 overdraft as her main day-to-day buffer but also turns to store card**. As a last resort, she uses a credit card, though she tries to avoid it due to previous experiences of falling deeply into debt.

Forgotten families at a glance

3.8m Financially Vulnerable Population

19%

Age range
25-54

HH income
£20k or less

Very small growth for this segment, up from 3.6m in 2022

Family
21% are in a single person HH
45% have kids at home

Housing
Housing association

Type of work
Full or part time
Not working

Debt
Lower than average debt (£5k), and little change in profile

Savings
47% = none
27% = £1-£1,000

Insurance
33% = none at all

> I wasn't good with money, and it's my biggest regret, so I don't like borrowing now. If I do borrow it's from my family or friends

> I have a lot of tactics to save, and I really tried to get some but it's hard, even though I work full time

Focus areas for action

- Lower levels of credit due to eligibility to access, negative perceptions and past experiences
- Income maximisation services could help increase incomes by up to £400 a month
- No/low interest loans could spread the cost of unexpected / emergency expense shocks

Hayley, 45, Redcar

3.8m **19%**
Financially Vulnerable Population

- **Lives alone, recently downsized to a smaller council house after her daughter moved out**
- **In full time employment (£19k p.a)**
- **Previous recipient of benefits, stopped post pay rise**
- **Distrustful of credit from past negative experience, but uses 'informal' lending to get by**

Meet Hayley

Hayley started a new job as an office administrative assistant after the pandemic. She used to be self-employed and on a slightly higher income across the year**, but work was very unstable so she sought a full-time position to reduce her day-to-day worries.** When she started, she was eligible for some benefits to top-up her income, but these stopped after a recent pay rise and she is now worse off.

She thinks that she is bad with money, but she has many tactics; **including a google calendar of all her direct debits and incoming salary to check she has enough funds and overpaying her utilities to have a slight buffer.**

Her negative emotions with money date back to when she was younger and was offered credit cards and an overdraft. She has since paid off the credit cards but is still paying around £30 a month for a £1.6k overdraft.

Hayley's early experience has left her with a reluctance to use formal credit. Now, if she needs help, she relies on her family to lend money. She also exchanges money with some friends and her daughter. **They all get paid their wages at different points during the month which means that there is always someone who has money to lend if you need it**. She trusts this network, has known them for a long time and feels confident that they will always repay as she does to them. However, on occasion her daughter has repaid a bit late, which can make it tricky.

Despite being on a four-week salary cycle, she finds her spending changes significantly. If she includes informal loans, she thinks that on average she would typically spend circa £250 repaying debts, about 12% of her income.

She hopes she may get another pay rise but knows that the earning opportunity in her role is limited; for now, she is enjoying the stability. **She is a little worried about not putting much into a pension but if her health is kind to her, she sees herself working for a long time yet.**

How to use the segments to drive change

Proposition focus areas

This will require co-design, collaboration and piloting new solutions

Product area	Overall product needs	Difficult debts	Ungolden years	Unsteady starters	Squeezed and sliding	Credit crisis families	Forgotten families	Fair4All Learning Programmes Other focus areas
Credit	Ongoing access to small amounts of credit needed & credit prioritisation for overindebted							Scale Up, Community Finance Resilience Fund No Interest Loan Scheme Consolidations Pilot Supporting new and thin-file customers
Savings	Low to no savings – solutions required							Opt out savings Payroll and benefit linked deductions Scaled repay and save
Insurance	Limited ownership, at risk of reducing savings further/borrowing more if risk event occurs							Insurance Action Group Credit Union Research Innovation on poverty premium Modularised and hybrid products
Income	May not be accessing all benefits/grants they're entitled to							Benefits and grants calculator funding

From insights to action

Building a more inclusive financial services system

The segments exist to help organsiations deliver tailored propositions to people in financially vulnerable circumstances.

We encourage all providers to use the segments as a starting point for service and proposition design. You may wish to consider:

- **Which of these segments are you already serving? And what could you do differently to build their resilience?**
- **Which segments could you serve with your existing products, or with iterations to these, who you're not serving today?**
- **Where can you collaborate with organisations who have relationships with these segments to get more insight and deliver new solutions?**
- **How can you use your own data to understand the unmet needs of these segments?**

Want to know more?

- You can access information about all six segments at fair4allfinance.org.uk/segmentation
- The Financial Inclusion Action Plan is a sector wide framework with focus areas for all stakeholders
- For those new to inclusive design, this framework from Fair By Design and Money Advice Trust is a helpful starting point