Segmentation of people in financially vulnerable circumstances

Pen portraits and segment personas

October 2022

Introduction

Fair4All Finance exists to drive change in financial services to help the millions of people in vulnerable circumstances. In order to design and deliver propositions and services, it's crucial to understand different user groups and their complex and diverse needs. This is increasingly challenging as the cost of living crisis worsens and we head into winter 2022.

Fair4All Finance, working with CACI and Trajectory Partnership, has developed a segmentation model to **show the spectrum of financial vulnerability**, from those who are getting by each day to those who are most excluded –this is **at least 17.5m people.**

The segments have been derived using information on financial **needs and behaviours**, rather than demographic information, to deepen our understanding of what needs to change, and how we can do it, when it comes to strategy and proposition development.

This toolkit of deep insight includes:

- Segment **pen portraits and personas**, covering demographic information, financial needs and behaviours, and key considerations for organisations that serve people in financially vulnerable circumstances
- Segment **volumes by geography**, highlighting where different groups are highly concentrated to support targeted development
- For organisations offering loans and credit, a **report on product ownership and needs to inform proposition development**
- For community finance providers, a report on **marketing preferences and brand awareness** to support marketing strategy and delivery

This pack includes the pen portraits and personas that summarise each of the six segments.

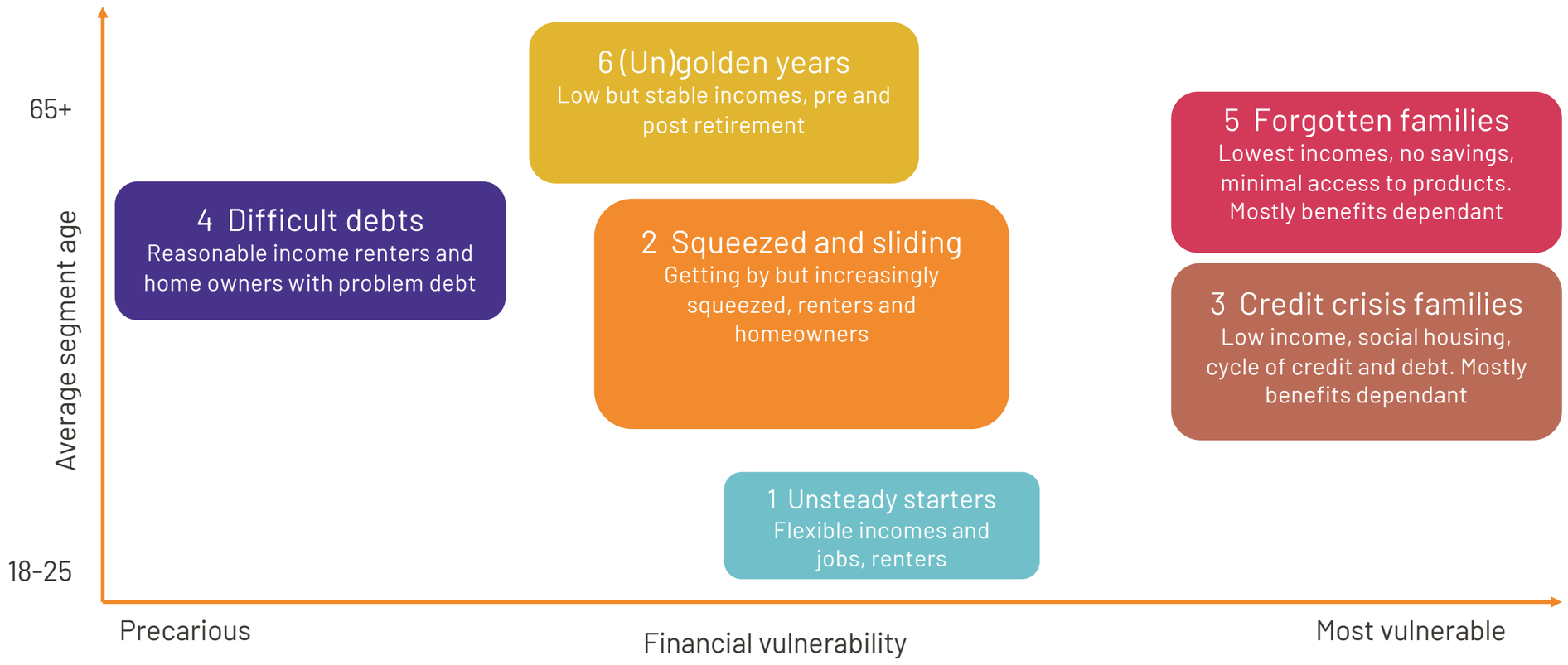
Segments overview

We have six segments ordered by life stage

1	Younger groups with flexible incomes who are not yet ‘established’. They seem to have regular loans, but not high debt.	1.3m	7%
2	Precarious but squeezed. They are currently managing debt and some have no debt.	3.9m	22%
3	They are in crisis position; taking as much credit as they can in all forms.	3.5m	20%
4	Reasonable income, renting families. They have higher, longer term, debt levels from multiple sources.	2.2m	12%
5	Very low income and low savings group, with many in poverty. They have low debt levels, potentially explained by accessibility.	3.6m	21%
6	Older people with health issues. They have better financial circumstances than other groups but having no ability to earn means they are worried.	3.1m	17%

Segments of those in financially vulnerable circumstances

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



Segment comparisons - demographics

1.3m people **Unsteady starters**	3.9m people **Squeezed and sliding**	3.5m people **Credit crisis families**	2.2m people **Difficult debts**	3.6m people **Forgotten families**	3m people **(Un)golden years**
18-34	25-44	25.44	35-44	25-54	45+
Renting (private or a room from friends/family)	Mortgaged and renting families	Social housing	Private renters, some mortgaged	Social housing	Social housing, some homeowners
HH income £25k+	HH income £30k+, inc £50k+	HH income <£25k	HH income £25-£50k	HH income <£20k, many <£10k	HH income <30k
Zero hours contracts or part time work	Salary plus child benefits	Benefits and some part time or zero hours	Salary plus child benefits	Reliant on benefits, some carers	State pension (some private pension), some still in work

Segment comparisons - finance

1.3m people	3.9m people	3.5m people	2.2m people	3.6m people	3m people
Unsteady starters	**Squeezed and sliding**	**Credit crisis families**	**Difficult debts**	**Forgotten families**	**(Un)golden years**
Sources of debt					
Arrears Overdraft (unarranged) Credit card	Credit card Overdraft Buy now pay later	Arrears Owe to family/friends Credit card Overdraft Catalogue debt	Credit card Overdraft Personal (unsecured) loan	Arrears Credit card Owe to family/friends Catalogue debt Benefit overpayment	Credit card repayments
Debt severity					
Debt has increased over last 12 months	Debt has increased over last 12 months	I am struggling to repay the debt that I owe	I have been in debt for the last 12 months	I am struggling to repay the debt that I owe	I'm struggling to save anything for my funeral
Where they go for help or advice about money					
Friends and family, online forums, local services (eg job centre)	Online forums, bank or building society, information websites (Moneysavingexpert)	Debt advisers or council services	Online forums, information websites (Moneysavingexpert)	Debt advisers or council services	TV programmes about money, bank or building society, information websites (Moneysavingexpert)

Pen portraits and personas

Notes on pen portrait usage and segment creation

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** is privately renting or staying with friends/family – but this is much more likely to be the case than seen in general for the financially vulnerable population.

Segments were created to focus on behaviours more than demographics. Behaviours are more useful than demographics when it comes to giving an in-depth understanding to gauge needs, drive strategy and inform the industry.

The factors which put an individual into a segment are built from a combination of behaviours

Has personal, unsecured loan debt	Zero hours contracts
Struggling to repay debt they owe	Has a payday loan or other short term credit
Has used a foodbank in the last 12 months	Rejected for any kind of credit in the last 12 months
Has used savings as a primary form of income in the last year	

Therefore a combination of one or more circumstances decides a customer's segment. There is not a decision tree or similar rule set (eg based on age) that customers follow to get placed in a segment. So, every segment will have a distribution across, for example, age range, presence of children and housing type, but within the same segment they share similar characteristics for the key drivers.

Baseline figures, sources and how to interpret the data

1 Baseline:

All segment indices are compared to the other people in these segments, **not** compared to the national population.

2 How to read an index:

An index of over 100 shows above average representation.

An index of 100 shows that the proportion of the variable is the same as the overall segment population.

An index of under 100 shows below average representation.

3 Source:

All insights are sourced from the Fair4All Finance Consumer Insight Survey (conducted by Trajectory in March 2022), apart from channels which are sourced from Trajectory's report on purchase decisions.

4 Things to note:

Demographics: Type of work and Income source are both ordered by highest over-indexing first (which are not necessarily the most likely) and the highest percentage is also called out

Key Considerations: Derived from responses to the Consumer Insight Survey and Fair4All Finance

Finance Products and Behaviours: Please note that where the icon is coloured in, it represents an over or average indexing for that particular product. Where the icon is grey that product under indexes.

Example segment

Volume and percentage that fall into the overall Financially Vulnerable population

Summary description

Quote from interview or face to face survey from someone in this segment

Demographics

Age range

Compares the percentage of the segment that fall into each age range (block colour) to the percentage in the Financially Vulnerable population (dotted line)

Gross household income

Financially dependent children

Compares the average of the segment to the Financially Vulnerable population

Type of work

Displays a combination of those sources of debt which are over-indexing and those which are most likely

Income source

Displays a combination of those income sources which are over-indexing and those which are most likely

House Tenure

Displays those tenures which are over-indexing

Debt and savings

Level of debt

<£1k — £5k+

Low — High

Please note that there will be people with higher levels of debt but this scale indicates the average for the segment to enable a quick comparison across each segment

Level of savings

<£1k — £5k+

Low — High

Please note that there will be people with higher levels of savings but this scale indicates the average for the segment to enable a quick comparison across each segment

Sources of debt:
Displays a combination of those sources of debt which are over-indexing and those which hare most likely

More likely to:
Displays those behaviours which are over-indexing

Circumstances which could put them in trouble:
These are hypotheses based on the information contained across all of the data points and information we have about the segments

Example segment

Volume and percentage that fall into the Financially Vulnerable population (see previous Target audience definition)

Quote from interview or face to face survey from someone in this segment

Channel

Preferred way to research/apply for/manage financial services:
Displays those channels which are over-indexing compared to other segments

Sources of info when looking for help or info regarding money:
Displays those sources of info which are over-indexing compared to other segments

Key Considerations

These are considerations based on the information contained across all of the data points and information we have about the segments

Finance products and behaviours

Coloured icons represent over-indexing or average against the Financially Vulnerable population

Grey icons represent under-indexing, against the Financially Vulnerable population

Other key points

1 Unsteady starters

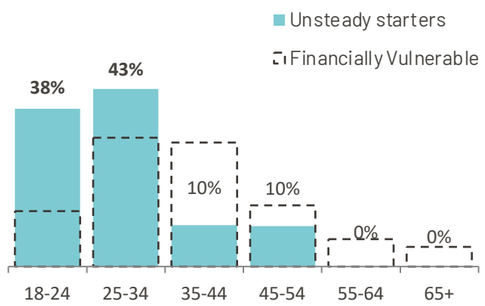
1.3m **7.5%**
Financially Vulnerable Population

Younger people with flexible incomes establishing their home, work, and financial lives. They often use shorter-term credit in smaller amounts

'I wanted to build my credit score so took out a credit card. Capital One had the lowest rate. For the first two months I paid it off in full... then I spent too much and couldn't keep up.'

Demographics

Age range



Gross household income

£25k+

Financially Vulnerable = £29k

Financially dependent children

51%

Financially Vulnerable = 56%

and **8%** have more than 2 children living with them

Type of work

Full and part time
Zero hour contracts

Income source

Highest:
Salary
Benefits
Over-indexing:
Used their savings
Payday loan
Personal loan
Loan from friends or family

House Tenure

Privately rent or staying with friends/family

Debt and savings

Level of debt

<£1k — £5k+

Low — High

Level of savings

<£1k — £5k+

Low — High

Sources of debt:
- Arrears
- Overdraft (unarranged)
- Credit card

More likely to:
- Have lived **without permanent housing** in the last 12 months
- Seek **debt advice** in the next 12 months
- Have been **rejected for credit** in the last 12 months

Circumstances which could put them in trouble:
- Increase in their monthly rental payments or if the landlord asks them to leave (especially with informal renting arrangements)
- If their zero hours contracts do not offer enough hours/income, or if they fall ill
- Redundancy

fair4all finance

CACI TRAJECTORY

1 Unsteady starters

1.3m **7.5%**
Financially Vulnerable Population

Younger people with flexible incomes establishing their home, work, and financial lives. They often use shorter-term credit in smaller amounts

'Debt is now manageable and I only buy what I can afford, but cost of living is increasing a lot..'

Channel

Preferred way to research/apply for/manage financial services:

Online, price comparison sites, email

Sources of info when looking for help or info regarding money:

Family and friends, financial websites, price comparison sites

Key Considerations

- Lack of income protection, or workplace benefits for illness and unstable work contracts
- Revolving credit solution for regular, lower value borrowing would suit consumer need
- Debt consolidation for multiple smaller debts to improve short-term financial position
- Some higher more stable earners within the segment, potential for lending larger sums over longer terms for one off purchases

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

- More likely to **owe friends or family** more than £1000
- Any loans taken out are more likely to be used to **plug gaps in their income**
- Don't know **where to turn to** for financial help
- More likely to have an **overdraft**

fair4all finance

CACI TRAJECTORY

1 Abi, 23, Barking

1.3m **7.5%**
Financially Vulnerable Population

Abi lives in Barking with her mum and her sister. She's the second highest earner in her household – her mum works full time as a cleaner and her sister is at college – and she wants to both help her mum out with rent and save for the future. But Abi finds it tough. Her job is **a zero hours contract** doing admin at a local recruitment company and with irregular hours it's difficult to stay on top of both her household and personal finances.

Abi's hours are set a few days in advance and usually are between 20-25 each week. But sometimes they can be as low as 12 hours a week. **To deal with this fluctuation Abi puts a lot onto credit cards**, and lately has started buying things – especially clothes – using Klarna and Zilch. She prefers these – the trouble with credit cards is they lure you in with low interest rates and then jack them up. Over the past couple of years **she's built up about £2,000 of debt, split between credit cards and her overdraft**.

She recently took out a loan from a mainstream bank to consolidate the debts, paying off the overdraft and one of the cards with a bit left over for herself. The process was really quick, she looked up which interest rates were lowest on Compare the Market and then bank approved her right away online. **The monthly payments are manageable too and it's much easier just having that come out of her account automatically each month** than having to think about cards and overdrafts and fees all the time.

She's not that bothered by the debt – she knows it's important to pay it off, but occasionally other things are more important, like helping her mum with rent or buying new clothes for work. **Her mum's income fluctuated a lot during the pandemic and they didn't get much help from the government**, so for the last couple of years she's been trying to help out, contributing to rent each month and helping her sister out with money so she can stay in college. Her sister says she'll pay it back one day, but Abi isn't keeping a tally.

Abi has big plans for the next year. First, she wants to change jobs. After tax and expenses, her pay is close to £5 per hour and since petrol went up her commute has got more expensive. But her biggest gripe is her work clothes – she has to buy them herself and often gets told that what she's wearing isn't smart enough for the office, which has a strict dress code. She hates wearing the boring office wear – and particularly the uncomfortable shoes – and resents having to spend so much of her money on it. **Abi also wants to move into a flat of her own. But this seems a long way off** – she doesn't know how she'll get the money for a deposit, or if she'd be approved for the tenancy on a zero hours contract.

Short of a new, better paying job, Abi's not sure what her options are. She's not heard of credit unions – they sound like the sort of people who run checks on you when you apply for a loan.

2 Squeezed and sliding

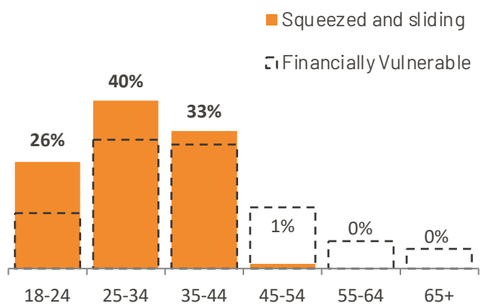
3.9m **22.2%**
Financially Vulnerable Population

People with less certainty around their finances and increasingly squeezed. Most are just about managing their debts, but some are using savings or borrowing more to make ends meet

'I get paid on the last day of each month so it would be helpful to be able to split payments'

Demographics

Age range



Gross household income

£30k+

Financially Vulnerable = £29k

Financially dependent children

61%

Financially Vulnerable = 56%

and **8%** have more than 2 children living with them

Type of work

Full time
Part time

Income source

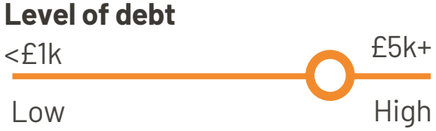
Highest:
Salary
Over-indexing:
Personal loan
Child benefit

House Tenure

Home owner with mortgage
Some private renters

Debt and savings

Level of debt



Level of savings

Sources of debt:
- Credit card
- Overdraft
- Buy now pay later

More likely to:
- Have used an **arranged loan** in the last 6 months
- Have **seen their level of debt increase** over the last 12 months

Circumstances which could put them in trouble:
- Increases in the interest rate affect their mortgage payments
- Redundancy/income shock
- Rising childcare costs impacting ability to work

fair4all finance

CACI TRAJECTORY

2 Squeezed and sliding

3.9m **22.2%**
Financially Vulnerable Population

People with less certainty around their finances and increasingly squeezed. Most are just about managing their debts, but some are using savings or borrowing more to make ends meet

'I'm not a fan of monthly instalments. Renting a property makes you dislike the idea of never owning things'

Channel

Preferred way to research/apply for/manage financial services:

Online, Chatbot/webchat, face to face, via an app

Sources of info when looking for help or info regarding money:

Family and friends, Colleagues, Online sources, bank or building society

Key Considerations

- Depleted savings and increased debt in the last year and struggling with rising bills
- 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
- Awareness raising of community finance providers needed as likely to have used prime or near prime lenders previously – overcoming perceptions may be challenging

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

More likely to **use their overdraft most months** to help **manage their finances**

More likely to take out a personal loan to for a **one-off large, planned** expense or **home improvements**

More likely to take out a personal loan to **cover rent or mortgage payments**

More likely to have made a **personal loan repayment in full**

fair4all finance

CACI TRAJECTORY

2 Gareth, 28, Hartcliffe

3.9m **22.2%**
Financially Vulnerable Population

Gareth lives in the Bristol suburb of Hartcliffe with his wife, Claire. They have a four year old girl and another one on the way. He was born in the area and has plenty of family nearby, which is handy when they need childcare. **They recently upsized to a bigger home and during lockdown they spent time renovating it.** With the cost of living rising Gareth and Claire have started worrying about money – particularly how they keep paying the mortgage when the new baby comes.

Life feels very different to a couple of years ago. They took the pandemic in their stride. Both were only furloughed for a few months, and were then able to continue working from home. During lockdown they were able to save an extra couple of hundred pounds a month, but **since everything started going up in price that cushion has gone**.

Claire tends to oversee day to day finances, organising child benefit, bills, and managing credit cards. They have two credit cards (each maxed out, with around £2,000 on each) originally taken out with Halifax and Sainsburys. But **lately they've struggled to make payments so to manage the debt, they often transfer the balance to different cards once the 0% interest introductory offer ends**, using MoneySuperMarket to find new offers.

They haven't missed any mortgage payments yet, but Gareth is getting concerned as he is now constantly in his overdraft.

Gareth finds himself thinking about money all the time now. He is aware that his car insurance is coming to an end, as well as his broadband and phone contract. To reduce financial pressures, he is Googling and comparing options to find cheaper contracts. He's also negotiating with his wife (and daughter) about what else they can cut – they've already got rid of the Sky Sports package and he wants either Netflix or Disney+ to be next. He doesn't like having to spend so much time on this but is trying to do everything he can.

Gareth has little trust in banks and doesn't see much difference between brands. Ultimately, he thinks they'll put their own interests first, and sees convenience and ease of access as the main benefits a bank can provide. He likes being able to manage his accounts and money online and wouldn't ever think to phone or visit in person.

He has seen advertisements for credit unions but doesn't know much about them. He vaguely associates them with more ethical, and community focused lending – but doesn't really see them as for him. **He'd be embarrassed if he had to go to a credit union** – would that mean he'd run out of options elsewhere? For the time being he's happy it hasn't come to that.

3 Credit crisis families

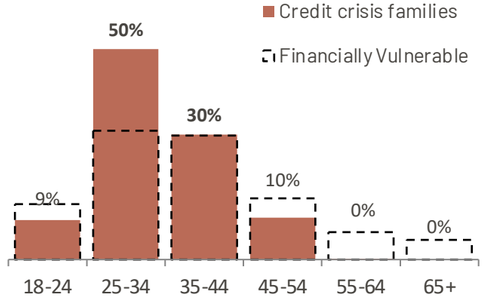
3.5m **19.8%**
Financially Vulnerable Population

Families who are in a cycle of juggling and struggling with everyday bills and debts; finding as much credit as they can in all forms

'Mum put me in touch with Citizens Advice. Was in trouble with water but we came up with a plan. They also helped, made me realise I was entitled to extra child benefits - you don't get told that at the job centre.'

Demographics

Age range



Gross household income

<£25k

Financially Vulnerable = £29k

Financially dependent children

65%

Financially Vulnerable = 56%

and **12%** have more than 2 children living with them

Type of work

Not working
Need to provide care
Some in full or part time work

Income source

Highest:
Salary
Over-indexing:
Carer's allowance
Universal credit
Disability benefit
Child benefit
Payday loan

House Tenure

Housing association or local authority owned

Debt and savings

Level of debt

<£1k — £5k+
Low — High

Level of savings

<£1k — £5k+
Low — High

Sources of debt:

- Arrears
- Owe to family and friends
- Credit card
- Overdraft
- Catalogue debt

More likely to:

- Have **more than 5 sources** of debt
- Have been **rejected for credit** in the last 12 months
- Be **struggling to pay back** the debt they owe
- Owe money to **friends and family**

Circumstances which could put them in trouble:

- Spiralling debt/high interest rates
- Threat of CCJ/debt recovery
- Unexpected expenditure
- Delays or changes to benefit payments

fair4all finance

CACI TRAJECTORY

3 Credit crisis families

3.5m 19.8%
Financially Vulnerable Population

Families who are in a cycle of juggling and struggling with everyday bills and debts; finding as much credit as they can in all forms

'Have outstanding credit card debt about £5,000, I'm not working so it's hard to pay it back. Don't know who could help or advise me. But I am open to advice.'

Channel

Preferred way to research/apply for/manage financial services:

Email, telephone, online

Sources of info when looking for help or info regarding money:

Family and friends, online, local services such as debt advice or council services

Key Considerations

- In financial crisis for a long time, cost of living impact severe as they were already struggling to make ends meet
- Income maximisation services could help increase incomes by up to £400 a month
- Ongoing access to small amounts of credit and financial support will help improve resilience
- No/low interest loans could spread the cost of unexpected/ emergency expense shocks

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

- More likely to take a personal loan in order to **pay off other debts or arrears**
- Struggle to **cover everyday expenses**
- More likely to have used **foodbanks** in the last 12 months
- Don't know **where to turn to** for financial help and **worried** they will be **turned down for credit**

fair4all finance

CACI TRAJECTORY

3 Aisha, 34, Leicester

3.5m 19.8%
Financially Vulnerable Population

A few years ago, Aisha felt she was managing her finances fairly well. She and her partner didn't have much spare money – and Aisha's never saved habitually – but things were fine, even with two young children in the house, which they rented from the council. Then, during the pandemic her partner was furloughed and then let go. Their relationship ended shortly after that and he moved out – and doesn't contribute to rent or bills. From that point on, Aisha started depending more on credit.

Over the past year **her overdraft has been maxed out (at £1,500) and she has two credit cards** (one from Vanquis and one from Capital One), each with about £1,000 on them. Her rent is covered by her benefits but some other bills are in arrears. She recently took out a loan, from Lending Stream, just to give her a bit of breathing space over the summer. She hadn't heard of them before, but after being rejected from Halifax and Barclays (who she already had accounts with) she went with the first lender that accepted her.

Aisha is really feeling the strain of her situation. She has trouble sleeping and finds herself anxious more often. She left care at 18, and although she's in touch with her foster parents, **doesn't have much of a support network around her**, certainly not people she's comfortable talking to about money. She very conscious of the debt hanging over her and isn't sure how she's going to cope. **At times, she feels like she's in a landslide – she just can't find her footing.**

She's only thinking a few months ahead; her plan is to use the loan to pay off one off the Vanquis card as that has the highest interest rate. She's also put some money aside to buy school uniforms in September and a little more for the kids at Christmas, just in case she isn't able to spare the cash then. That should get her through the next few months – but she's really worried about the winter.

She's on a prepayment energy meter and what she puts on it is lasting for less and less time. When the weather gets colder she isn't sure how she's going to afford the heating. **She's already behind with water and council tax payments and so doesn't know what she can cut back**. She has a friend who spends as much time as possible out of the house in winter to avoid using energy – she hopes it doesn't come to that.

Aisha knows she could do with some help but isn't sure who she could turn to. She tried getting some advice from her bank when she applied for a loan but they weren't much help. She's seen things online but it all seems to be about getting better deals on insurance or making the most out of savings. She's thinking about going to Citizen's Advice soon – hopefully they can point her in the right direction.

4 Difficult debts

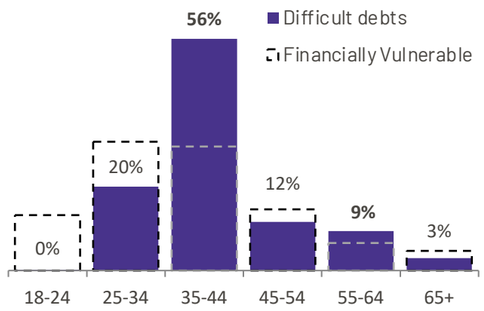
3.6m 20.6%
Financially Vulnerable Population

Reasonable income, renting families. They are burdened with repayments on higher, longer-term, debt levels from multiple sources

‘I just want to avoid more debt’

Demographics

Age range



Gross household income

£25-50k

Financially Vulnerable = £29k

Financially dependent children

59%

Financially Vulnerable = 56%

and **9%** have more than 2 children living with them

Type of work

Full time
Some part time

Income source

Highest:
Salary
Over-indexing:
Child benefit

House Tenure

Privately rent
Some mortgaged

Debt and savings

Level of debt

<£1k — £5k+

Low — High

Level of savings

<£1k — £5k+

Low — High

Sources of debt:
- Credit card
- Overdraft
- Personal (unsecured) loan
- Missed payment on personal loan

More likely to:
- Have debt in **excess of £10k**
- Have **more than 5 sources** of debt

Circumstances which could put them in trouble:
- Increases in rent or landlord selling the property
- Spiralling debt/high interest rates
- Erosion of credit score

fair4all finance

CACI TRAJECTORY

4 Difficult debts

3.6m 20.6%
Financially Vulnerable Population

Reasonable income, renting families. They are burdened with repayments on higher, longer-term, debt levels from multiple sources

‘I know how much [money] I need for food, for electricity, and for things like that... but I'm not in control of my debt.’

Channel

Preferred way to research/apply for/manage financial services:

Online, Chatbot/webchat, via an app, email

Sources of info when looking for help or info regarding money:

Comparison websites, online forums, bank or building society

Key Considerations

- Lack of action on debts for variety of reasons; stigma, lack of awareness, head in the sand, feel like they are coping
- Support to take-action on long term and growing debt, overcoming barriers that prevent access to debt advice and information
- A range of debt consolidation products should be available for this group to recognise their differing needs

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

More likely to **switch their credit card** when their **current deal ends**

Feel like they **rarely or never get out of their overdraft**

More likely to take out a personal loan to for a **one-off large, planned** expense or **home improvements**

More likely to have **been in debt for the last 12 months**

fair4all finance

CACI TRAJECTORY

4 Louisa, 39, Wolverhampton

3.6m 20.6%
Financially Vulnerable Population

Louisa lives with her partner and two teenage sons in Wolverhampton. She works full time as an office manager for a small manufacturing company, as does her partner (who's a chef). They hope to buy somewhere soon, but, at the moment, other money challenges are taking priority.

She usually hates having to think so much about money, but **since Covid she hasn't had any breathing space. With both earners in the household on furlough, they really noticed the drop in income – that 20% used to go a long way.**

They had to cut back a lot for a year and **also took out two loans, one from Halifax and one from HSBC, to keep up with rent and bills**. In total, they come to about £12k of debt and although they're keeping up with the payments it's having a major impact on her wellbeing.

She's found herself losing sleep and for a while was worried about being unable to afford what she thinks of as 'essential indulgences' – like Christmas presents for the boys. But every time she has some spare money she puts it into her Amazon account, where she won't touch it until December.

The Covid-era loans are only part of the financial pressure – she also has collectors after some old credit card debt too. Some of it dates back so far she has trouble remembering taking out the card (and occasionally thinks she might be getting scammed – did she really ever have a Capital One card?). She doesn't like the way they talk to her either, she feels judged. Some are better – she had a Sainsbury's credit card which she owes money on and they have been very helpful, putting her in touch with StepChange, who gave her some really helpful advice about managing the debt and her rights. **She's since gone onto a debt management plan which is okay – but also a lot of pressure.**

She's torn at the moment between looking into more credit and drawing a line. On one hand, another loan would ease the cost of living pressure a bit, and potentially even mean they could go away this year. She's also keen to get her credit score up – it feels like there's a mark against her name at the moment. But at the same time, she's worried about piling on more debt, and doesn't want to do anything that might jeopardise their future plans. She wants her eldest to go to University next year and wants to make sure they can support him.

Her experiences in recent years have meant she is not well disposed towards financial services at the moment and doesn't tend to trust them. On everything she sees, the interest rates are scary and the risk of falling behind really worries her, making her averse to anything to do with borrowing or debt. She's heard of credit unions but doesn't think they're for her.

fair4all finance

CACI TRAJECTORY

5 Forgotten families

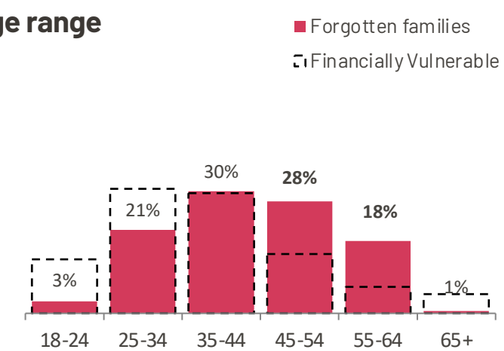
2.2m 12.4%
Financially Vulnerable Population

People with very low income and low savings, with many living in poverty. They have lower levels of debt potentially explained by fewer options to access credit, or attitudes to credit

'Not in debt but really struggling to keep head above water, bills increasing monthly and some illness, finding it hard to find work. Out of work for the first time in 17 years, food bank very helpful…Have to wait 5 weeks for benefits because I had earnt £6,000 before tax this year.'

Demographics

Age range



Gross household income

<£20k

Financially Vulnerable = £29k

Financially dependent children

54%

Financially Vulnerable = 56%

and **8%** have more than 2 children living with them

Type of work

Not working
Need to provide care
Some in work

Income source

Highest:
Salary
Over-indexing:
Disability benefit
Carer's allowance
Universal credit

House Tenure

Housing association or local authority

Debt and savings

Level of debt

<£1k — £5k+

Low — High

Sources of debt:

- Arrears
- Credit card
- Owe to family and friends
- Catalogue debt
- Benefit overpayment

More likely to:

- Be **struggling to repay** any debt they owe
- More likely to feel there is **no point applying** for credit as they are **likely to be rejected**
- Have **missed payments** on any **personal loan**

Level of savings

<£1k — £5k+

Low — High

Circumstances which could put them in trouble:

- Unexpected expenditure
- Delays or changes to benefit payments
- Redundancy (if working)
- Health issues

fair4all finance

CACI TRAJECTORY

5 Forgotten families

2.2m 12.4%
Financially Vulnerable Population

People with very low income and low savings, with many living in poverty. They have lower levels of debt potentially explained by fewer options to access credit, or attitudes to credit

‘Don't agree with Credit you should only buy if you can afford it’

Channel

Preferred way to research/apply for/manage financial services:

Email, face to face, online

Sources of info when looking for help or info regarding money:

Generally under-index across all areas, but debt advisors or council services are the more likely sources

Key Considerations

- Already choosing between heating and eating, the cost of living will impact severely
- 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

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

Where they have a personal loan it is more likely to **cover everyday expenses**

More likely to have used **foodbanks** in the last 12 months

Feel like they **never get out of their overdraft**

Don’t know **where to turn to** for financial help

fair4all finance

CACI TRAJECTORY

5 Max, 47, Stockport

2.2m 12.4%
Financially Vulnerable Population

Max has lived in Stockport his whole life. He lives not far from his ex-wife, who he's on good terms with and only a bit further from his two children, who are now grown up and living in Manchester.

Max hasn't worked in several years. He worked as an engineer for twenty years after getting an apprenticeship but lost his job after the firm went under, just before the pandemic. For a while during lockdown he worked as a delivery driver for Tesco, but stopped after getting ill with Covid, which affected him for several months. He's been looking for a job since, and even though he keeps lowering his expectations he hasn't had any luck.

Universal credit is his only income. He's tried to access other sources of money over the past couple of years but without success. He applied for a loan at his bank, Lloyds, but was rejected as he's unemployed. He's applied for credit cards too – and an extension to the overdraft – but is always rejected. Occasionally, they specify that his credit score isn't high enough but often he doesn't get any feedback at all.

He occasionally gets offers through the post from companies he's never heard of, telling him he's been pre-approved for a loan or credit card but he doesn't trust them. Where did they get his details from? Why will they lend to him when no-one else will? It makes him a bit suspicious, and his last rejection, for a loan from Santander, has put him off borrowing for a while. It's so miserable getting bad news again and again – and because the application was online the rejection was so quick he didn't even have time to hope before the answer came through.

The only thing he's been able to access in the last year is a budgeting advance loan. That was essential – when he was moved into the new flat he didn't have any plates or cutlery. Paying it back was ok as he didn't really have to think about it, it just came out of his payments. It made life difficult for a few weeks – he had to cut back on shopping and got more from the food bank – but at least he had crockery to eat off. During that time he also couldn't afford to put anything on the electricity meter, so went without heating for a month.

Lately he's been getting angrier about his situation and the lack of help that seems to be on offer. There seem to be a few more vacancies in the area since the end of the pandemic and he's hoping one of his recent job applications comes through for him. **He tries not to bother his family with money stuff – he really doesn't want his kids to worry** – but his ex-wife recently suggested he try the local credit union. He opened an account a few weeks ago and is going to try to put a little bit of money in whenever he can. Maybe that will help in the long run.

fair4all finance

CACI TRAJECTORY

6 (Un)golden years

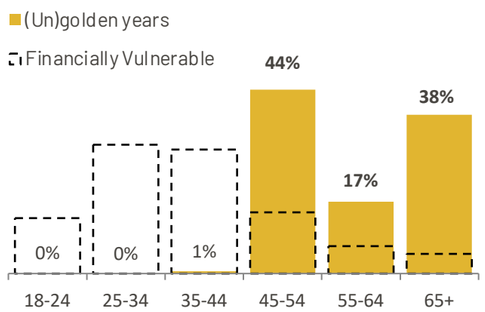
3.1m **17.5%**
Financially Vulnerable Population

Older people, many with health issues. They have better financial circumstances than other groups but having limited ability to earn means they are worried about the future

'I stopped doing Christmas presents years ago as I have so many grandchildren and can't afford it'

Demographics

Age range



Gross household income

£10-30k

Financially Vulnerable = £29k

Financially dependent children

31%

Financially Vulnerable = 56%

and **3%** have more than 2 children living with them

Type of work

Retired
Some still working
Need to provide care

Income source

Highest:
Salary
State pension
Over-indexing:
Private pension
Disability benefit

House Tenure

Paid off the mortgage or Housing association

Debt and savings

Sources of debt:
- Credit card

Level of debt

<£1k — £5k+
Low — High

More likely to:
- Have used an **arranged overdraft** in the last 6 months

Level of savings

<£1k — £5k+
Low — High

Circumstances which could put them in trouble:
- Erosion of savings
- Large unexpected expenditure
- Financial help for their family
- Health issues and later life care

fair4all finance

CACI TRAJECTORY

6 (Un)golden years

3.1m **17.5%**
Financially Vulnerable Population

Older people, many with health issues. They have better financial circumstances than other groups but having limited ability to earn means they are worried about the future

'I'd never get a loan. It costs too much to pay it back in interest. Stay away from that.'

Channel

Preferred way to research/apply for/manage financial services:

Form via website, face to face

Sources of info when looking for help or info regarding money:

Bank or current account provider, TV programmes about money

Key Considerations

- Some may be excluded from certain products due to age, despite having low but stable incomes
- Most don't have loans but may need them in the future as costs increase
- Support needed for many who will be eligible for pension credits they are not claiming

Finance products and behaviours

Savings

Short term high cost credit

Personal loans

Buy now, pay later contract

Recent credit card

Car insurance policy

- Those with credit cards **may not pay the balance in full** each month
- More likely to feel that their **finances have caused them bad health**
- **Try to put money aside** as a **safety net** in case of unexpected bills
- More likely to have an **arranged overdraft**

fair4all finance

CACI TRAJECTORY

6 Christine, 69, Middlesbrough

3.1m 17.5%
Financially Vulnerable Population

Christine lives alone in small house she rents from the council. She's been in this property for five years, since her husband died, although she's lived in the town all her life. She has three adult children but they've all left the area – two of them abroad. They keep in touch as best they can, but she'd love to see them more.

Christine **retired from her part time supermarket job seven years ago**, a couple of years before her husband died. **She lives on her state pension, and has no savings, although she does get housing benefit to help cover the rent and pension credit (about £30 a month),** which tops up the pension. She felt a bit awkward claiming the pension credit the first time, but they've always had help with rent so it felt normal quite soon – and it really does make a difference. She feels she can live very comfortably on about £100 a week, although it does mean a quiet life.

Christine has always tried to make her money go as far as possible. She visits the supermarket in the evening to get the short dated food as soon as it goes onto the shelves and is always looking for bargains. Over the winter she set the thermostat to 18C during the day and 16C at night. She doesn't mind it a bit colder - you just make sure you have plenty of warm clothes. She thinks it sounds silly, but Christine's main concern is about looking after her dog. Dog food seems to be the one thing that never gets reduced at the end of the day – and she doesn't know how she'd afford the vet's bill if he ever needed help.

She's never had a credit card or a loan of any kind and never would. In fact, Christine thinks the reason she's still going is because she's avoided debt – it results in a stress free life. She knows plenty of people who've got into trouble that way, especially when the interest rates kick in. She mainly blames the companies for charging too much and conning people – especially the payday loans. But she also looks at how younger people are buying things on credit, even without having a credit card, and fears for them. She sees it as spending money they don't have, and eventually it'll catch up with them.

Money worries are particularly acute now because she expects things to get even tougher over the winter. **She has no savings so isn't sure how she'll pay for food and bills if energy prices go up even more**. She supposes she'll just have to go without. At one point she asked her old employer if there was any casual work going, but was actually relieved when they said there was already a long waiting list – she has arthritis and isn't sure how she'd cope with working again.

For Christine, the worst case scenario would be having to ask her children for help. She isn't even sure they'd be able to help her, and she doesn't want to worry them. She'd never go to the bank – she doesn't trust them at all ('banksters', she calls them). But her friends reminded her of the local credit union recently. She and her husband used to save with them years ago and she thought they were good people. **She's thinking of going back down there to reopen the account, but will have to find the money to save first.**