

COST-OF-LIVING CRISIS IMPACT REPORT:

HOW CUSTOMER NEEDS
ARE CHANGING IN 2023

Results from PayPlan's November
2022 survey





INTRODUCTION

The UK is in the grips of what's been described as the worst cost-of-living crisis since the post-war 1950s. With the crisis expected to deepen in 2023 as prices continue to rise and prolonged economic uncertainty, no-one is immune from the effects of rising costs.

At PayPlan, we've seen the impact this is having throughout every layer of society. Last year was our busiest on record with new demographics of people approaching us for help. It's not just those people on reduced or lower incomes that are struggling, 11% of people approaching us for help in 2022 were on traditionally higher incomes (£3.5k+ pcm), which evidences the multi-faceted effects of the cost-of-living crisis.

And it's not just the financial impact this is having on people, but the mental and physical toll too.

We conducted our impact survey to find out more about people's experiences, how they were managing things day-to-day and what effect it was having on their health and lifestyle choices.

Our survey polled people who had approached PayPlan for debt help between January – November 2022. The results presented in this impact report are based on 1,619 responses and demonstrate the struggles people are facing. The aim is to highlight where focus and support should be directed in 2023 and emphasise how important it is for organisations to work together in a seamless way to support people through this crisis.

Rachel Duffey, CEO, PayPlan

KEY FINDINGS

- 1 in 2 people are going without heating or skipping meals
- 79% are becoming increasingly isolated by avoiding socialising
- 1 in 3 are postponing big purchases such as buying a car or a house
- 80% of people say their mental health is suffering because of the cost-of-living crisis
- 41% say it's having an impact on their relationships
- 44% of respondents haven't engaged with their lender at all

HOW LONG PEOPLE WAIT BEFORE ACCESSING DEBT ADVICE

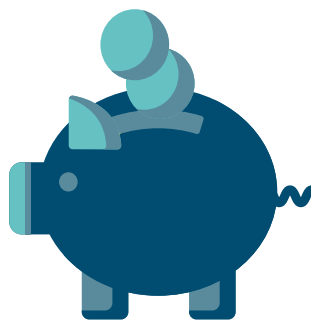
TIME SPENT STRUGGLING WITH DEBT



38%

of people are now coming to us within 1-2 years

RESILIENCE



30%

have used their savings to cope with the cost-of-living crisis

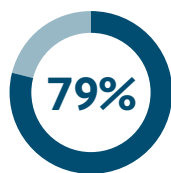
Over half

of respondents never had any savings to begin with

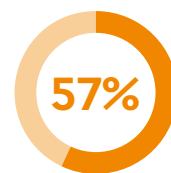
CHANGING BEHAVIOUR



1 in 2 are going without heating or skipping meals



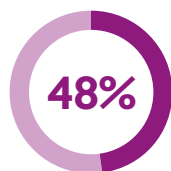
79% are becoming increasingly isolated by avoiding socialising



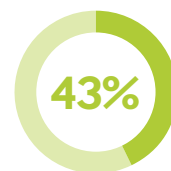
57% are missing payments



51% are using credit to pay for essentials



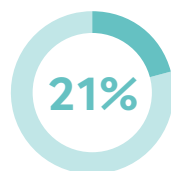
48% are skipping meals



43% are cancelling medical appointments



36% are dipping into their overdraft more often



21% are limiting their water usage



“Taking out credit to buy clothing for my kids.”

“Not being able to buy or do things for my children.”

“Missing recommended upgrades of my hearing aids, reading glasses and renewal of supplements.”

“Gambling.”

“Eating less.”

“Cancelling my gym subscription – one of the key things that helps me cope with my mental health condition of bipolar disorder.”

“Using the food bank and shopping in the clearance sections.”

“Less disability help with cleaning and caring needs.”

“Just feel so alone and very close to ending my life. I can’t see anyway out of this mess.”

“Never leaving the house. Lonely, cold, hungry, no money to do anything or buy anything... life is just not worth living.”

“I’m just wearing broken and damaged items.”

LIVES ARE ON HOLD – PEOPLE ARE DELAYING:



1 in 3

are postponing big purchases such as buying a car or a house



19%

have decided against moving jobs at the moment



13%

are postponing getting engaged or married



9%

are putting off having a baby



6%

are postponing retirement



4%

have put off going to university

“Divorce.”

“Getting essential mobility equipment.”

“Medication for depression, spinal problems and necessary surgery which is prohibiting my ability to work.”

“Seeing my dad in hospital.”

“My brother got married abroad and we couldn’t afford to go.”

“Travelling to see relatives as I was worried my car could break down and the petrol costs were just too much.”

“Buying clothes and other items lots take for granted.”

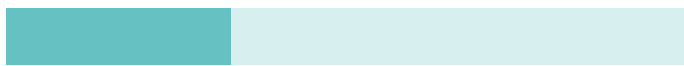
IMPACT OF COST-OF-LIVING CRISIS



80% say their mental health is suffering as a result of the cost-of-living crisis



41% say that it's having an impact on their relationships



33% are receiving increased contact from creditors



27% are falling behind on priority bills



22% say the cost-of-living crisis is having an impact on their job

"I'm concerned about my ability to feed the family."

"I have been working over 60 hours a week to pay and catch up with things. I have mental health problems and can't keep doing this at 61 years old, I just can't."

"Constant worry about increasing energy bills."

"I feel like I have no life and I'm just existing in a cruel world."

"Sleepless nights due to depression."

“I’ve moved back in with my parents.”

“I don’t have a social life. I often don’t speak to a person for six weeks or so.”

“My fibromyalgia levels have increased.”

“I have to work six days a week, so no family time.”

“Having increasing falls due to saving electricity around the house.”



BIGGEST FINANCIAL CONCERNS

People are extremely worried about all of their priority and non-priority payments



69%

Debt repayments



63%

Energy



41%

Rent/mortgage



33%

Council tax



25%

Transport



14%

Water, internet and TV



9%

Childcare

“Dental plan for three children.”

“I worry about everything.”

“High interest on my credit card loan and lack of any emergency budget and high level of debt.”

“Vet bills, petrol for the car and servicing the car.”

“Medical bills.”

“My electric meter has stopped working, so it’s not counting my electricity and I have no idea how much I owe or how much my bills have gone up.”

“Everything since losing my job and becoming disabled.”

“Mortgage going up next year worries me massively.”

“My care needs.”

LEVELS OF SUPPORT

WHAT SUPPORT PEOPLE ARE RECEIVING

Have any of the people you owe money to been in touch with you to support you through the cost-of-living crisis?



44%

of respondents haven't heard from the people they owe money to



15%

Received a letter in the post



12%

Made contact themselves over the phone



6%

Made contact themselves over email



5%

Made contact themselves over live chat



5%

Received a call



5%

Received an email



“Some have sent emails or text messages asking for contact or sent letters. I have contacted some also.”

“They’re only sending me information about the account.”

“I have contacted most of my creditors for payment options.”

“My friends support me by talking with me.”

IS CURRENT SUPPORT HELPING?



46%

of respondents said that speaking to their lender had improved their worries

“Not too bad as I’m vulnerable.”

“It did for a while when payments were reduced.”

“Helped a little but I’m still worrying about my creditors.”

“Just a bit but what about the future?”

“Yes and no. My accounts were frozen which was good, but I couldn’t decide what to do.”

“Can’t cope with talking to more people anymore. What’s the point. Better off dead. Don’t have to worry about anything then.”

“Council - a little, I still need to find funds to clear the arrears as they accumulates weekly.”

“I already had a 3-month support of frozen payments and am on agreement with my mortgage company – I’m not sure I can ask for this again.”

IS CURRENT SUPPORT HELPING?

“They were helpful once I’d made contact.”

“I believe that the best thing I did was to contact PayPlan, to secure the future payments they received.”

“They offered me good support and ongoing contact.”

“Although some have reduced interest, not all yet, but hopefully over time this will be continually reduced.”

“Supportive, sincere approach.”

“Government help is helping me to manage.”

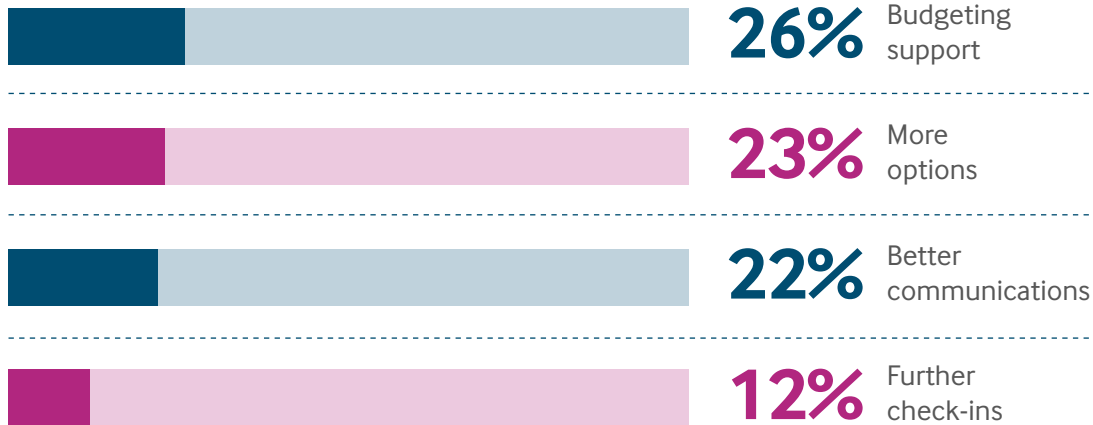
“They have helped with the breathing space.”

“I found them to be helpful – they’ve given me some breathing space following my diagnosis of long Covid.”



WHAT FURTHER SUPPORT PEOPLE WOULD LIKE

Better communications and more options, including budgeting support



“I’m constantly contacted and it’s causing me a lot of anxiety.”

“Total freeze on energy bills during this time of high inflation and rising costs.”

“Don’t ask for more money I can’t afford.”

“Help paying for my Debt Relief Order so I can get it in place. I’m disabled and too ill for all this.”

“Longer term plans. This one is only for 3 months.”

“Freeze on interest.”

“I need a breathing window.”

“Although it’s a legal requirement to send default letters, they’re threatening and scary.”





“I would like help finding out what help is available to me as a pensioner.”

“Help in reducing household bills for working people.”

“Not giving me bad credit. I feel this is unfair in the current climate where it’s been almost impossible to juggle finances.”

“Companies need to listen to individual circumstances. Not everyone has the same reasons for debt.”

“A phone call to encourage me.”

“More supportiveness when doing a review.”

“I’ve got a DRO but still get emails and letters which causes me more stress so want to be left alone.”

“Less threats from lenders and more emotional support.”

“Check in’s later down the line to see if there’s any other help they can offer.”

“Help to see if I can get any extra benefits.”

IMPACT OF DEBT ADVICE



93%
of people felt better
after speaking with
PayPlan

**Rachel Duffey, CEO, PayPlan
summarises:**

“

It's evident from this survey that people are struggling to keep afloat and the effects of higher prices are seeping into many aspects of day-to-day life.

.....
“It's no surprise that this year has been our busiest on record, surpassing the levels we saw during the pandemic.

.....
“What is a huge positive to take from the results is that it's clear that people are reaching out for help sooner. We're dedicated to making debt advice easily accessible and keeping channels flexible and open to suit needs, so the fact that people aren't leaving it as long before they get in touch for help is good to see.

.....
“As the crisis doesn't seem to be slowing down anytime soon, we really want to highlight the importance of banks, lenders, debt advice organisations and utilities providers working in a joined-up way to really ensure people are getting the support they need, when they need it.

.....
“The effects this is having on mental health is really worrying and ensuring people are able to receive help in an efficient and effective way, as we continue into 2023 and the challenges this will bring, is crucial.

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