

Right Place, Right Time

Helping people with
their finances when they
need it most



the Money
Advice Service



Almost six in ten working age adults in the UK are financially struggling or squeezed. For many, just managing to keep on top of daily finances is a stretch. Dealing with busy lives and the complexities of major financial decisions, often alongside key life events, such as bereavement, buying a home or nearing retirement, can simply be too difficult to manage without help. That help, in the form of engaging, high quality financial information, guidance and advice, is an essential part of giving people the support they need to make the most of their money.

Yet, we know that this is not straightforward.

Giving financial help to those who need it isn't as simple as it might sound. Right now, people are only getting help with a quarter of the key financial events that they face. And only half of all working-age people are aware that they can get free or low-cost financial support. This research explores these challenges and other barriers that can get in the way of people making use of the help and support that is available. The insights will be of interest to all types of organisations and professionals who care about helping people improve their finances – including government bodies, charities, third sector organisations, providers of financial services and regulated financial advisers. Transforming this situation is a big challenge, with many solutions and different partners needing to come together. But getting this right will have a hugely positive impact, so where do we start?

We know that financial help and support needs to be more accessible. Improving its quality and effectiveness are also key, so that people who take the time to seek financial help get what they need. But even the greatest service won't make a difference

if people don't use it. Wider thinking is needed to reach out further, and influence people's behaviour and perceptions. This includes helping individuals to recognise the importance of their financial decisions and making sure people know that financial help really will make a difference. Building trust and confidence is fundamental.

What of the insights first mentioned? For us, one thought stands out. This research explores the main barriers that prevent people from getting the financial help needed. It also tells us to remember that life happens. The most important factor for whether people seek financial help is the event they are going through at the time. This knowledge brings new opportunities to intervene with the right solutions, from people making major purchases to becoming parents. Understanding the context is critical to designing help that will work. As is collaboration.

We can only tackle the financial help challenge if we work together as a community. And if we focus our collective efforts on overcoming specific barriers in specific contexts. That's why we're sharing this report. We hope it sparks your interest, adds to what you know and helps prioritise efforts. If you would like to take an element of this research forward, do get in touch. We welcome all sorts of partners to work with us, and alongside each other, developing solutions that ensure people get the financial help they need. From the right place. At the right time.

John Penberthy-Smith
Customer Director
Money Advice Service

What do people think about getting help with their finances?

Introducing our research report

To find some answers to this question, the Money Advice Service carried out over 3,500 online surveys. We felt there was a gap in understanding here. We hoped new insights would make a difference. We discovered opportunities to improve how we engage millions more people in the UK at relevant moments in their lives.

To date, there's been a lot of focus on how the financial services sector should provide help, particularly when it comes to regulated advice. We've also seen the Financial Advice Market Review and the Government's proposed legislation for a new single financial guidance body. To add to all the good work, we wanted to find out what people thought about the financial help open to them, especially free or low-cost options. Do people even think they need it? And if not, why not? And what stops the majority of people from getting help that could be so beneficial?

This research concentrates on two consumer segments in the

UK, identified as financially 'Struggling' and 'Squeezed'. We used an existing segmentation system, CACI's Fresco model, to find a clearer way to group people according to their level of financial resilience. Previous work shows that 3.2 million people in these segments are finding it hard to keep up with their financial commitments yet have not recently accessed financial help (2015 Financial Capability Survey). We also collected wider data across the working-age population of the UK, so this research can be used for specific populations of interest too.

To find clarity, this research takes a fresh perspective, considering financial help in the context of a range of events people face in their lives. Do these events trigger individuals to seek financial help, and how do people go about this? Or if people don't tend to seek help during such events – and 59% of the time, participants in our research didn't – what stops them?

Our findings suggest the reasons for people not seeking financial

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help vary greatly. Self-confidence is a major factor. 37% of participants thought they could manage the event they faced themselves. 12% didn't think there was a financial decision to be made. Lack of trust in, or awareness of, financial help are also barriers. The latter can be down to misconceptions or problems with provision itself. Concerns over cost also surfaced.

The research draws a clear conclusion. While demographic factors – particularly the presence of children in the household – play a part, life events are the main contributing factor. It is these events that are most likely to determine how people act in relation to financial help. At the end of this report, we set out the ways we'll be taking this conclusion forward to tackle barriers to seeking financial help. Here, we welcome partner collaborations. This research will also be useful to the new single financial guidance body (currently the subject of legislation before Parliament).

We're excited by this research and the opportunities it offers to work together with others to deliver the right financial help and support. Now that we have set a baseline, we can carry out this survey again in future to track how we, as a community, are doing in helping more people with their finances when they need it most.



How did we approach the research?

We focused the research exclusively on UK working-age adults. In total, 3,545 online surveys were completed between February and April 2017 (with the research conducted by BDRC Continental).

The research has given us a rich database of information about working-age people, the financial events they have recently experienced, and how they acted. Whilst this report specifically focuses on the events experienced by those in the financially 'Squeezed' and 'Struggling' segments, the overall data can be looked at and grouped in a number of different ways, such as by age, employment status and social grade.

Struggling

The most vulnerable group, characterised by lower income levels, high incidence of social housing, high over-indebtedness with little or no savings buffer if things go wrong.

24% of the UK adult working age population (9.2 million people).

Number of completes:
1,250

Squeezed

Working-age individuals on modest salaries, renting or buying with a mortgage. They have many family and work pressures, are heavily reliant on credit usage and lack sufficient savings buffers to cope with unexpected life events.

33% of the UK adult working age population (12.6 million people).

Number of completes:
1,502

Cushioned

The most financially resilient group. Salaries or savings buffers are higher and they have a greater ability to cope with any unexpected expenditure

Within this group, there are comfortable and affluent sub-segments.

39% of the UK adult working age population (15.0 million people).

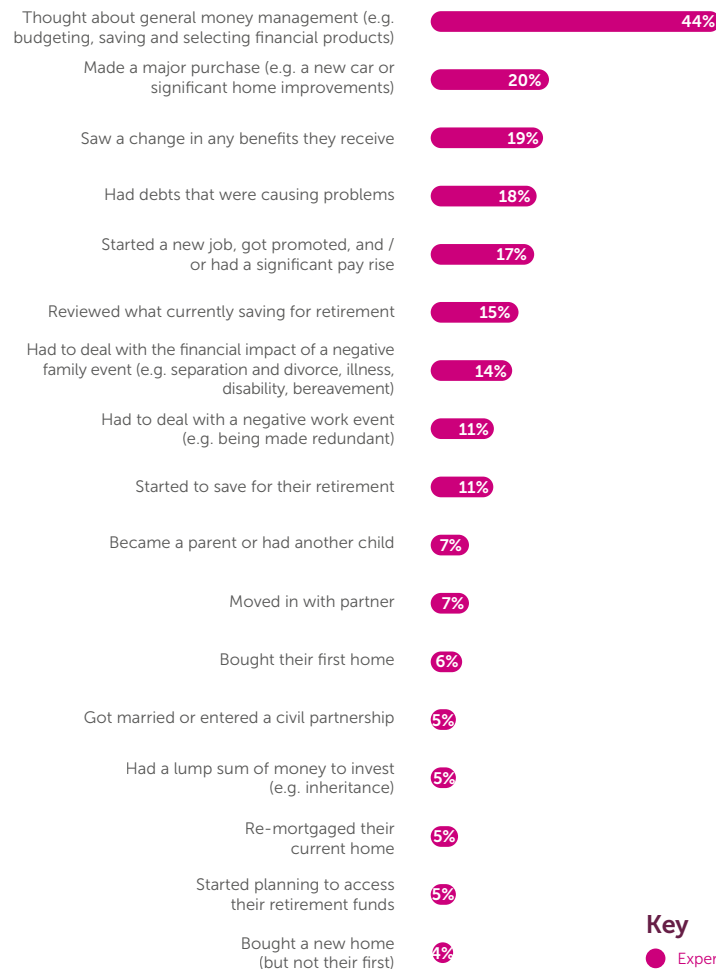
Number of completes:
793

Exploring life events

We asked participants about the different life events (from a list of 17) that they had experienced in the previous 12 months, and those they expected to happen in the next 12 months. Each person answered questions on up to four events.

The 17 events covered major life events, general money management and financial product purchases that could have a significant impact on a person's finances, positively or negatively.

These were broadly grouped into the following categories:





The questionnaire structure



If you would like further details on the research approach, including the questionnaire design, please get in touch.

What did we learn overall?

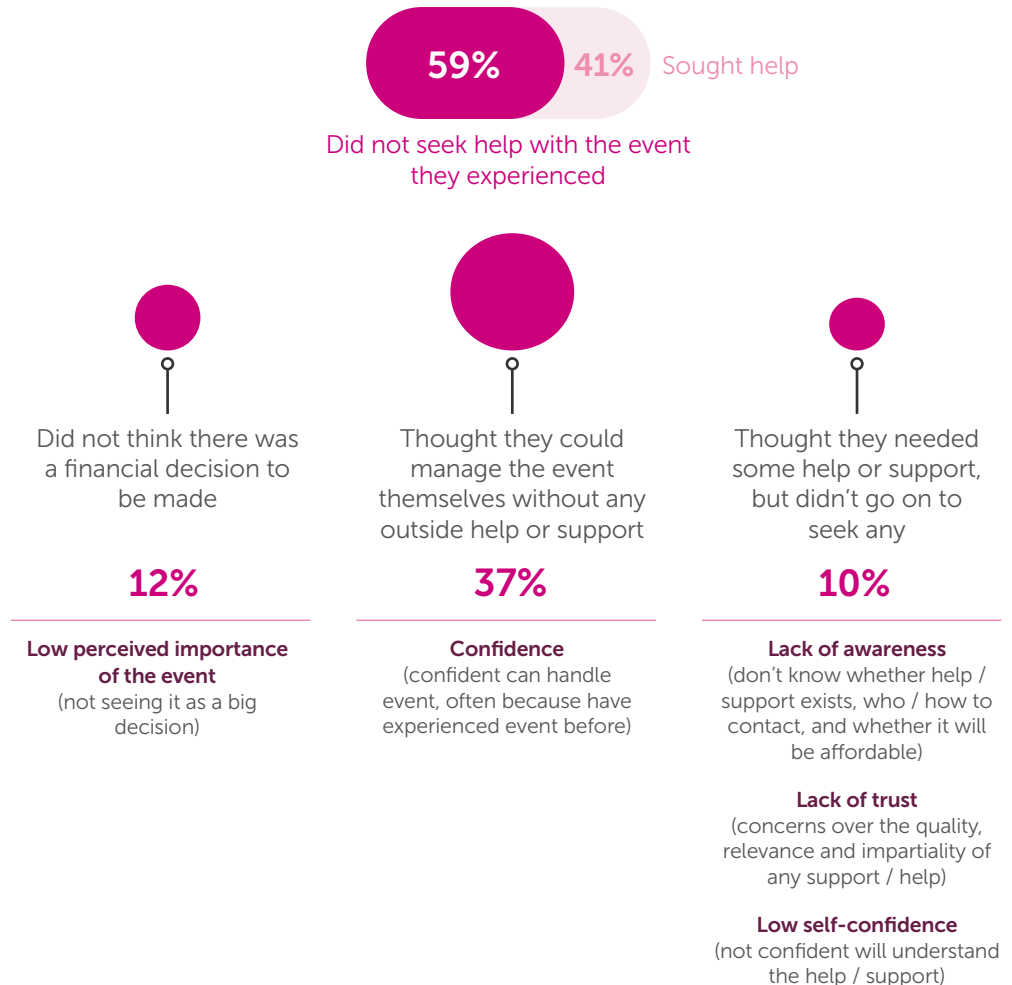
We designed the research to explore the points at which people disengage or are prevented from getting the financial help they needed. If someone didn't seek help, what were the main reasons? For those who did seek help, what kind of help did they want? A specific and personal recommendation (advice), a range of appropriate options (guidance), or just some general information? And did they ultimately get what they were looking for?



Barriers to getting financial help

There are 3.2 million people in the financially Struggling and Squeezed segments who identify themselves as 'struggling to keep up with their bills and other financial commitments', but who have not recently accessed any financial information, advice or guidance (2015 Financial Capability Survey).

This research provides further evidence that many people may not be getting the help they need. We found that people sought help and found what they were looking for in just a quarter of all recent life events. For those who sought help, two in five did not find what they were looking for. For those who didn't seek help, we found that there are a variety of contributing factors. The figures here relate to responses given by people in the Struggling and Squeezed segments only.





We found that confidence plays a significant and complex role in whether people seek help or not. High self-confidence in managing a particular event, such as previous experience, is the biggest barrier to seeking help. In contrast, low overall self-confidence can also be a barrier to seeking help – this could be a lack of confidence in their own ability to know where to go in the first place, or that they will understand the help when it is received.

Clearly if people don't recognise that they need help, then they are much less likely to seek it. In many cases, they may indeed not need help. In other cases, this could be an issue of over-confidence. This issue is incredibly difficult to tackle and more exploration is needed to understand what may work in practice.

Therefore, we think that our best opportunity in the nearer term is to engage those people who recognise that they need help, yet haven't managed to take that first step.

A lack of awareness of who to contact and how to find the right support can be a reason for this. We found that people who are Struggling and Squeezed are less likely to seek support if they are not aware of the organisations that can provide it - 39% sought help vs 54% of those who were aware.

This range of barriers highlights an opportunity for financial guidance and advice providers to be more effective in engaging more people with the help we offer. As well as focusing on raising consumer awareness of services available, we need to help people recognise the importance of the financial decisions they face and the value of getting help.

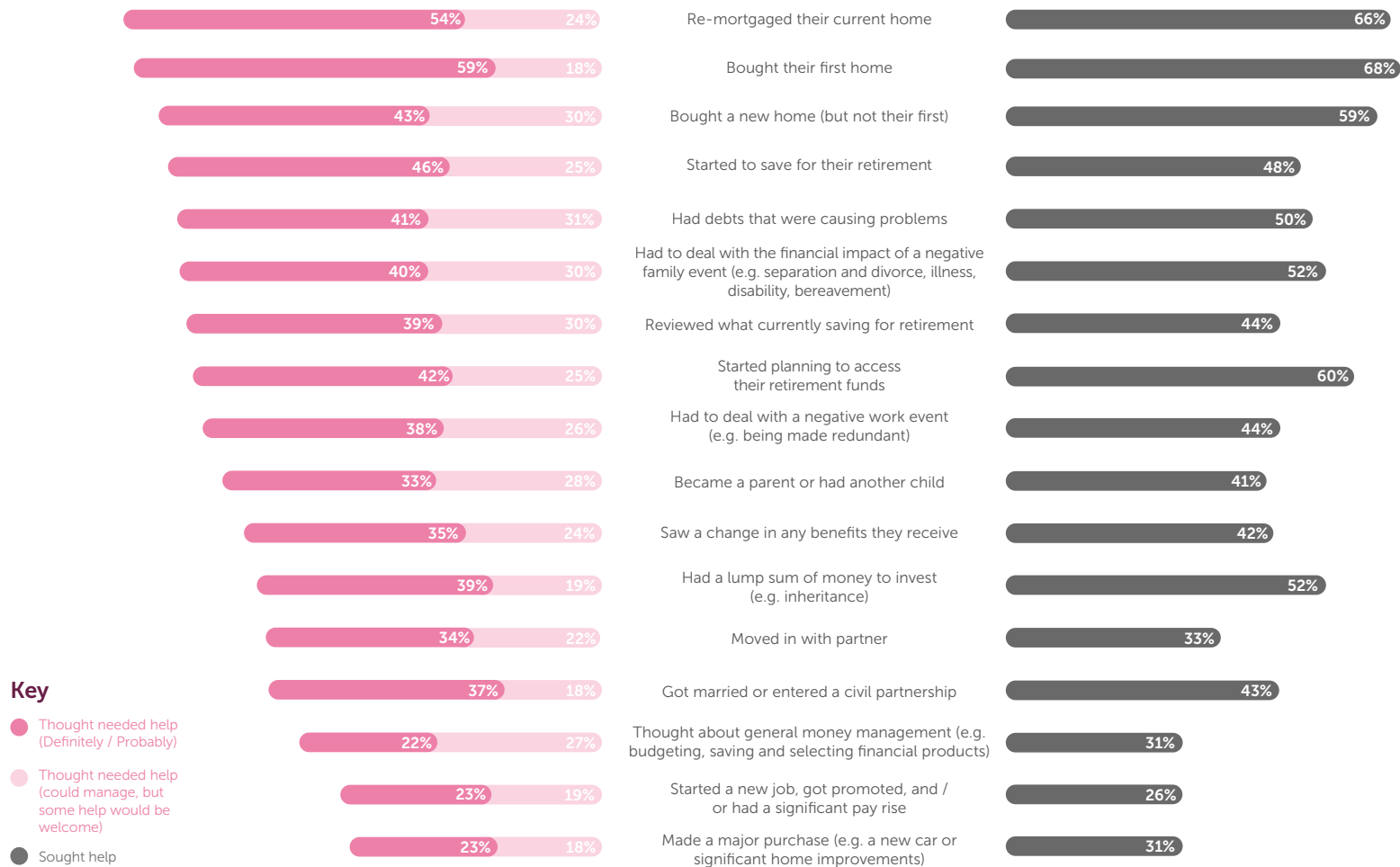
What factors make it more likely a person will seek help and support?

There are a number of factors which make someone more likely to seek help or support. These include the type of event a person is going through, as well as their personal situation.

Impact of the 'type' of event

By far the biggest factor impacting whether people think they need help, and whether they go onto seek it, is the type of event they are going through. The type of event, and whether it has been experienced before, is more significant than the person's demographic profile, such as their age or life stage.

The chart on page 14 shows how many people in the Struggling and Squeezed segments stated they had experienced each of the events in the last year, and the percentage of those who had thought they would need some form of help with the financial aspects. Events that are either expected, or significant in nature are more likely to lead to someone seeking help.



People who need to make financial decisions that typically require a significant amount of planning, such as buying their first home or preparing to access their retirement funds, are more likely to say that they will need some form of help. People experiencing these sorts of events are also more likely to actually seek the help or support they feel they need.

For events that are potentially less complex, including thinking about general money management or making a major purchase (e.g. a car or home improvements), fewer people think need help or go on to seek it.



Buying your first home

Purchasing a first property can be a difficult and daunting prospect, with complex financial and legal processes to navigate and considerable financial investment required. It is unsurprising then, that this was the event where people were most likely to recognise the need for some form of external support or help with the financial aspects of the event (**59%**), and where the highest proportion of those respondents actually went on to seek and receive help (**81%**). There is also evidence of people identifying the need for support as the event progresses, with **44%** of those who initially thought that they would not require any help, going on to seek information, guidance or advice later in the process.

The research indicates that this is an event where there is a good pre-existing supply of accessible support available, as those who seek help are more likely to go on to get the exact help and support they were looking for (**69%**).



Other factors impacting whether support is needed / sought

Impact of the person experiencing the event

A person's demographic profile has an indirect effect on whether they think they need help, whether it is sought, and also on the type of support ultimately received. The influence of demographics is largely down to the increased likelihood of a person experiencing certain events. For instance, their age, life stage or whether they are in the struggling, squeezed or cushioned segment. Therefore, the type of event experienced remains the biggest factor.

One exception to this is the presence of children in the household, which make someone more likely to both want and seek some form of financial help. This is particularly the case for events where children in the household will be either directly or indirectly impacted by it; including experiencing a negative family event, moving in with a partner or dealing with problem debts.

Negative family event

36% of those with children experiencing a recent negative family event identified a need for help and sought it, compared to just **21%** of those without children who experienced this event.

Compared to those without, people with children are also more likely to seek help for events that involve some form of future planning or safeguarding, such as starting to plan for retirement. This increased motivation to seek help could reflect a more risk averse attitude that comes with the additional responsibility of having a child to consider.

This increased likelihood to seek help amongst those with children presents organisations who provide financial help and support with an opportunity to improve the financial capabilities of both parents and their children. Research from the Money

Advice Service's 2016 UK Children and Young People's Financial Capability Survey has indicated that parents play a key role in developing their children's understanding of how to manage money, and so by better educating parents when key life events occur, their children's financial capabilities may also be improved.

A person's financial situation at the time of the event can also impact whether they look for external help, with those struggling to keep up with their bills more likely to seek help. This trend is especially prominent for events which have a direct financial impact on the person's income and expenditure, such as a positive or negative work event, or making a major purchase.



Positive work event

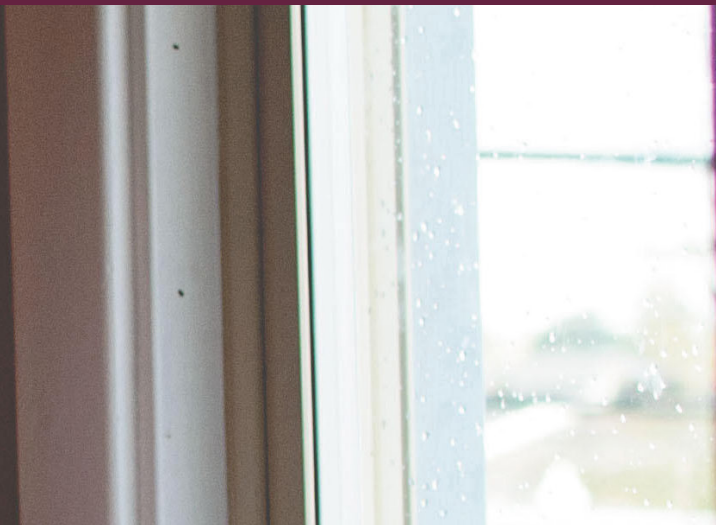
Of those who are Struggling or Squeezed, and going through this event, people who are finding it difficult to keep up with their bills are more likely to seek help than those who are managing (**32%** vs **16%**).

These findings provide some reassurance that many of those who are struggling with their finances are aware they need help to manage their situation. However, we also know from previous research that this group often lacks confidence with their finances. The 2015 Financial Capability survey found that **54%** of those who were keeping up with their bills felt confident managing their money, compared to just **32%** of those who were struggling with their bills. This suggests that organisations will need to be proactive in identifying this segment of the population and actively reach out to help them build their financial confidence.

The Opportunity

Whilst it is important to recognise the overall factors that can make it more or less likely that someone will look for help when experiencing an event, it is equally important to understand the context and dynamics of these factors for each individual event. By understanding the relative impact of the factors for each specific event, the research can be used to identify how changes can be made to improve the help that is currently available.

The following section looks at three individual events and how the research can be used to identify gaps in the perceived need for free and affordable financial support, and how this could be addressed.



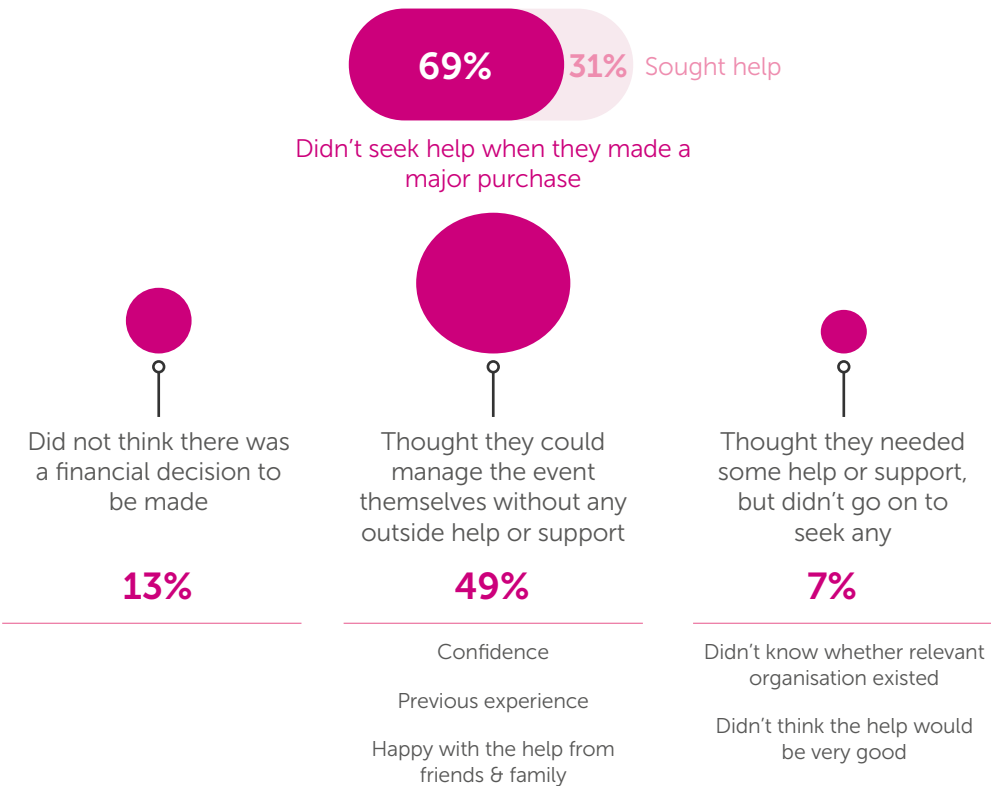
Spotlight on: Making a major purchase

High incidence, low perceived need

4.6 million Struggling and Squeezed made a major purchase in the last 12 months

Size of the decision:

For making a major purchase, such as buying a car or making significant home improvements, most people would benefit from some sort of planning or budgeting, even if it may not always be seen as a big financial decision.



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Impact on finances

Despite those making a major purchase being more likely to keep up with their bills compared to those experiencing other events, there are still 60% who report that they are struggling with their financial commitments. Indicating that many are over-stretching themselves with such purchases and some external help with their finances would have been beneficial.

Opportunity

Although there is a lower perceived need for support for this event compared to others, help supporting decision making, particularly around making people think about the necessity of the purchase could have an impact. Encouraging greater planning before making a major purchase would also support those who have less experience with this type of event. This would help people to make informed decisions about what they can afford and prevent them from making commitments that may over-stretch their finances.



Spotlight on: Negative family event

Moderate incidence, moderate
perceived need

3.2 million Struggling and Squeezed
experienced a negative family event (e.g.
divorce, illness, disability, bereavement)

Size of the decision:

This type of event is often something that can be difficult to plan for, meaning that decisions may have to be made on the spur of the moment and under high emotional stress. The impact on a person’s finances can vary significantly depending on the nature of the negative event, meaning the size of the decision to be made is relatively unpredictable.



Opportunity

Organisations that provide financial help can look at the existing channels through which people experiencing this event are likely to come into contact (e.g. NHS, funeral services, Government services etc.), to identify opportunities to better signpost the free and affordable support currently availability.

Example from research:

The proportion of people who think they need help and go on to seek it is very similar for both negative family and negative work events. The key difference is the type of help a person wants, with those experiencing a negative family event having a higher proportion looking for specific advice (**36% vs. 28%**), and those having a negative work event more likely to want guidance to understand their options (**57% vs. 48%**).



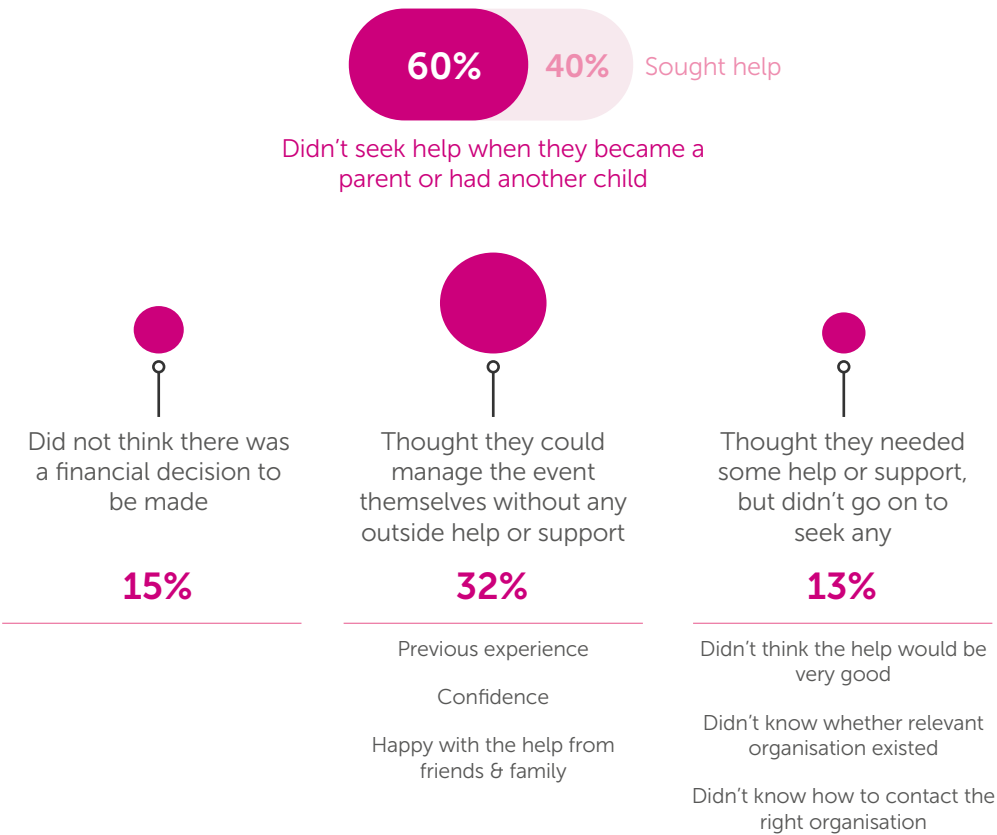
Spotlight on: Becoming a parent or having another child

Low incidence, moderate
perceived need

1.6 million Struggling and Squeezed
became a parent or had another child

Size of the decision:

Having a child is a major moment in a person’s life and, whether planned or not, the birth of a child brings expenses which are likely to place additional strain on household finances.



Only 20% of people experiencing this event initially identified that they would want some form of support and then went on to seek it. However, an additional 20% of those who didn't think initially that they would need help (or who weren't sure), did then go on to receive some support, indicating that there is potentially lack of awareness about what will or won't be required financially when this event occurs.

Opportunity

For this event there seems to be less certainty about the extent to which external help might be required and, if it is, how and when it might be needed. To support those having a child or adopting, providers of financial help should look to engage with parents prior to the baby arriving, either through providing support through organisations who already have a relationship (e.g. the NHS, antenatal classes etc.), or by using these organisations as an opportunity to signpost.

Support at this stage could also have the future benefit of the parent being better equipped to manage their finances in general, which in turn will could help build the foundations for the child's own financial capability.



What next?

New, transformative collaborations.

The main conclusion of this research is that there is a significant gap between the financial help people want and need, and the help they actually seek. We need to do more to shape financial help and support around the events people face in their lives. And we need to integrate financial support with other services to enhance awareness and trust, and to reduce the barriers that stop people accessing the support available.

To do this successfully, we need to work together as a community. A range of commercial, public-facing and not-for-profit partners are needed because different events have different barriers. We need to move on from responding to life events and raising general awareness, to building interventions around life events that increase the demand and take-up of financial help.

This report is a starting point on that journey. It doesn't provide a playbook for overcoming every barrier to engagement. But it does show the potential of this data, about what people think and do, in shaping the design of services and links into financial help. We can use it to help us develop and deliver information, guidance and advice in a way that is more likely to engage and help those who need it.

As a start, we think there are four key lessons to take away.

1. Awareness and trust – The biggest opportunity to get more help to more people is through building awareness and trust in what's available. General awareness raising is important, but insufficient on its own. It must be focused, timely and relevant. As we know, context and relevance is key. In some cases, this may be a targeted campaign. In other cases, this may never be sufficient, where active outreach is needed to extend a helping hand to people in difficult situations and guide them to where they need to be.

2. Parents and children – Being a parent can give people extra motivation to seek help with their finances. After all, they are not just doing it for themselves. And we also know from other research that children who grow up in households where money is well managed are much more likely to grow up to be good with their own money. We have a real opportunity to help parents and children together. Some providers are already experts in designing services around whole families and there are opportunities to build on this in the context of key life events.

3. Quality and relevance – Four times out of ten, people who are financially Struggling or Squeezed did not get the help and

support they wanted after taking the time to look. We need to do better. Using these insights to understand what else people are likely to be dealing with when seeking help on a particular topic, we can become much more relevant to what they actually need.

4. Confidence – By far, the single biggest reason that people don't seek help is because they don't think they need it. For some, this will be an accurate self-assessment. For many others, perhaps not. We know from this work and previous work that confidence is an important aspect of people's relationship to money. But we don't yet really know why. Or what we should do differently. This is an area that we must prioritise for further research and exploration.

As mentioned in the introduction, this research concentrates on individuals in the UK who are financially Struggling or Squeezed. This will be the focus of our action plan too. But we know that many different people need financial help. We're ready to work with partners who want to help people across the board. Tell us who you serve and we'll see what data and insights we can share and how else we can support you.

We're already working alongside a range of organisations. Together, we're developing rigorous evaluation approaches

and building robust evidence of what works for people when managing their money. Our plan is to extend this approach, so financial help can reach out further and be more effective. This research is also prompting us to talk to new potential partners directly. But please don't wait for our call if you want to be part of realising positive change. Just get in touch. We'll be delighted to hear from you.

Providing financial help today isn't straightforward. Tomorrow, it could be part of everyday life, so people make the most of their money for themselves and their family.

Getting in touch

Iain Gledhill

Senior Policy Manager

E: iain.gledhill@moneyadviceservice.org.uk

