Financial Lives Survey 2017

FINANCIAL CONDUCT AUTHORITY

Understanding the financial lives of UK adults

Findings from the FCA's Financial Lives Survey 2017

October 2017

Updated January 2020

Contents

How to navigate this document on screen

returns you to the contents list

takes you to helpful abbreviations and glossary

List of figures and tables

Foreword

The FCA is committed to serving the public interest by improving how financial markets function and how firms conduct their business. When making regulatory judgements on behalf of the public, we need to consider more than just the impact of our action.

Understanding consumer needs is a key factor in the way we make regulatory judgements. That is why I am pleased to be introducing this analysis from the Financial Lives Survey. This survey adds a substantial new source of data to our understanding of consumers in the retail financial markets we regulate, their needs and the products they buy.

The Financial Lives Survey 2017 is the first wave of our new tracking study. The survey is the largest tracking study we have commissioned.

We can analyse the results in many ways and the survey reveals a wealth of information about different types of consumer. We can look at UK adults by their many characteristics – for example, by age, by gender, by whether they have children, by working status, and by how financially resilient they are. In our analysis we can also examine results for relatively small parts of the population. For example, UK adults who have never been online are a small proportion of the UK adult population, although they still amount to 5.3 million people who could potentially be excluded from some parts of the financial services market.

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One of the principles of good regulation is that as a regulator we exercise our functions as transparently as possible. It is important that we are open and accessible, both with the firms we regulate and with the public.

As a result we are opening up this survey for wider use by the public and stakeholders. We are releasing weighted data tables with this report and I invite you to contact us at financiallivessurvey@fca.org.uk, if you wish to use these data further for research purposes. I also welcome feedback from readers of this report and users of the weighted data tables.

The analysis in this report provides results principally by age, and is only one interpretation of our data. We intend to review further insights from the survey over the coming months and will be publishing further analysis in due course.

Jo Hill
Director of MIDA (Markets Intelligence and Data Analysis) Strategy and Competition Division, Financial Conduct Authority

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Report structure and associated publications

How this report is structured

Chapter 1 is the Executive summary. It introduces the survey, including both our primary focus in this report on analysis by consumers' age and our definition of potentially vulnerable consumers. The chapter also includes some highlight statistics from what consumers have told us and a summary of the key emerging findings we present in Chapter 9.

Chapters 2 to 7 tell the holistic financial life story of each of six age groups: 18-24, 25-34, 35-44, 45-54, 55-64 and 65 and over. In the chapter on those 65 and over we explore relevant differences for those 65 and over, 75 and over and 85 and over. The oldest old, those 85 and over, make up 2% of the UK adult population, i.e. 1.2 million adults.

The chapters draw out some important differences where they exist: by potential vulnerability; financial resilience and over-indebtedness; by family situation and recent life events; by use of digital technology, and attitudes to finances.

The chapters tell the story for each life stage that is revealed by the detailed review of behaviour, experience and attitudes. Topics covered include:

- product ownership; demographics including assets and debts
- experiences that align with the FCA's priorities, for example:
  - having access to products
  - inertia not being exploited, in the case of long-standing customers
  - avoiding being the target of scams
  - wanting and being able to get adequate advice and guidance on saving for retirement
  - having trust and confidence in providers

Chapter 8 covers product ownership, and looks at results at total level, and by age. The chapter is organised by sector:

- credit and debt
- residential mortgages
- savings and investments

- pensions
- general insurance and protection

Chapter 9 is organised into three main sections, to:

- identify potentially vulnerable consumers, segment consumers by their financial resilience and explore lack of access to financial products
- look, broadly, at consumer attitudes to their finances and financial services, including lack of engagement
- focus on a number of consumer experiences and actions, ending with how the sum of their experiences are reflected in their satisfaction with and trust in financial service providers

In Chapter 9 we also present evidence of potential harm, aligned to the aims of *Our Mission 2017*, including potential harm that:

- is related to lack of financial resilience and the use of expensive forms of credit
- is linked to lack of engagement and knowledge in buying and managing financial products
- is revealed through what consumers tell us about mis-selling, unsolicited approaches that may be scams, personal security, and poor treatment by providers when in difficulty or when making a complaint

There are **two appendices**:

- a first appendix provides detailed statistics on **Product ownership**. It provides ownership levels among the UK adult population at total level. It also shows results by age, gender, being in a couple/marital status, working status, home ownership, internet usage, household income and personal tax bracket. It shows too how levels of ownership differ by potential vulnerability and over-indebtedness
- a second appendix of **Methodological notes** provides an introduction to the survey's design and the content of the questionnaire. It explains the conventions we use to report survey findings. It also shows how we have used survey answers to define potential vulnerability and the groups we refer to as in difficulty, surviving and financially resilient

We also supply a **Glossary of terms** used in or derived from the survey. Here we explain what a number of key terms mean, such as a day-to-day account and investable assets.

Separate agency publications

To provide greater access to survey findings we are publishing, together with this report:

- Authored by Kantar Public:
  - a technical report
  - the full questionnaire
- Produced by Critical Research:
  - a set of weighted data tables
  - a guide on how to use these data tables

The separate technical report provides detailed information on survey sampling and design, questionnaire testing and piloting, quality control, weighting and survey strengths and limitations.

The weighted data tables include results for the full survey. This runs to around 1,500 questions. Results are presented at total level and by a number of key analysis breaks, including gender, age, working status and potential vulnerability.

As mentioned in the Foreword, we plan to release further analysis over the coming months. We welcome feedback and questions about the survey, to financiallivessurvey@fca.org.uk.

1 Executive summary

In April we published *Our Mission 2017*,[1] which explained how and why we prioritise, protect and intervene in financial markets. Publication of our Financial Lives Survey 2017 directly follows on from the commitments we made in *Our Mission* to be more transparent about the way we work to serve the public interest, and to deliver public value to the wider society through our regulation.

What is the Financial Lives Survey?

The Financial Lives Survey 2017 is the first time we have designed a survey of this kind in terms of its scale, its robustness of design, its content and the potential for analysis and insight it affords us.[2] Through this survey we have set out to:

- estimate the number of UK adults holding any one of around 70 products and to profile those who do and do not hold these products
- understand consumers as people, and observe the financial behaviours and experiences they have in the context of their everyday lives
- analyse results in different ways, to see, for example, where the young and old differ in their behaviour, or where some characteristics such as low income affect people in the same way whatever their age
- demonstrate differences in behaviour and experiences by sector
- identify and quantify harm or potential harm

Market research is often designed to answer specific questions – to test particular hypotheses – and the Financial Lives Survey 2017 provides ample opportunity for us to do this. This survey provides us with data we can use to identify where consumers may be experiencing harm, and it has already provided consumer evidence in a number of pieces of our work including the Financial Advice Market Review (FAMR) Baseline report.[3]

Our recently published *Ageing Population and Financial Services* Occasional Paper[4] includes selected Financial Lives Survey 2017 results, and further analysis will be available in our upcoming *Approach to Consumers* paper.

1 www.fca.org.uk/publication/corporate/our-mission-2017.pdf.

2 The section **Survey design and structure** of the questionnaire in Appendix 2 (**Methodological notes**) provides information on survey structure and achieved interview numbers. Please see the separate **Technical Report** for more detailed information, on sample size, survey sampling and design, questionnaire testing and piloting, quality control, weighting and survey strengths and limitations.

3 www.fca.org.uk/publication/research/famr-quantitative-research.pdf.

4 www.fca.org.uk/publication/occasional-papers/occasional-paper-31.pdf.

This report provides some initial results from the survey. Its aim is not to provide all possible analysis on some topics, or even to cover all of the topics in the survey. Nor does it, explicitly, raise many questions, because this survey forms an important part, but nonetheless one part, of the evidence base available to the FCA.

Some findings may be at odds with market data; these findings are valuable too, where they may highlight misunderstandings by consumers or areas we should research further.

In this first cut of our data, the main way we present results is by age. Some high-level issues are also obvious from the report. For example, 50% of consumers display one or more characteristics that signal their potential vulnerability. In this report we begin to build a picture of the consumer landscape that will help us design new ways to help consumers. We will talk more about how we approach this in our forthcoming *Approach to Consumers* paper.

We have also organised survey findings, so that we can look for similarities and differences by a number of different characteristics. Not least, we look at consumers who do and do not show characteristics of potential vulnerability. We also show how the survey can contribute to our understanding of harm from the perspective of the consumer, in support of *Our Mission 2017*.

In **What consumers have told us – some highlights** we present some key statistics at total level, i.e. for all UK adults. Here, as throughout the report, we are reporting what consumers are telling us in answer to survey questions. The terms *potentially vulnerable/potential vulnerability, in difficulty, surviving, financially resilient* and *over-indebted/over-indebtedness* are used to describe UK adults with characteristics or experiences they tell us about in answer to more than one question.

For further information on these terms, please see the section **Defining potential vulnerability** later in this chapter, as well as the **Glossary of terms** and Tables A.1 and A.2 in Appendix 2 (**Methodological notes**).

What consumers have told us – some highlights

Potential vulnerability & access

50%

of UK consumers currently show one or more characteristics of potential vulnerability (**25.6 million**) – they may be at increased risk of harm, or would suffer disproportionately, if harm occurred. Potential vulnerability does not mean all people with these characteristics will suffer harm

69% of the 75s and over and **77% of the 85s and over** show characteristics of potential vulnerability

People showing characteristics of potential vulnerability are **twice as likely to have used high-cost credit** in the last 12 months as other UK adults

47% of those who rent say they would struggle to pay their rent if payments went up by less than £100 per month

3% of UK adults are unbanked, and **77%** of them show characteristics of potential vulnerability. **1.0 million** UK adults are both unbanked and potentially vulnerable

At least **4.5 million UK adults** say they have been declined a financial product in the last two years. Around half say they were unable to get the product they needed at all, while some say they ended up paying more or being subject to different terms and conditions

Confidence

24%

of UK adults have little or no confidence in managing their money, and **46%** of all UK adults report low knowledge about financial matters

18-24 year olds rate themselves as the least confident and knowledgeable of all UK adults about managing money and financial matters

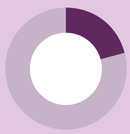
Nearly **17 million UK adults** with motor insurance do not know what 'no claims protection' means

2 million UK adults say they have a defined contribution (DC) pension, have received and read their annual statement in the last year, and did not understand it very well or at all

Satisfaction

18-24 years olds are least satisfied with their financial circumstances. **60%** have low satisfaction

Satisfaction with financial circumstances only notably **increases from the age of 55**: **21% of those 75 and over** have low satisfaction



54%

of UK adults with a personal loan give their provider a high satisfaction score and 55% have a high degree of trust in their personal loan provider

Credit and debt

75%

of UK adults have had one or more consumer credit products or loans in the last 12 months

Excluding adults whose sole use of credit products are credit cards, store cards and catalogue credit, where they pay off the balance in full every month or most months, **46%** of UK adults can be described as paying for credit

3.1 million

UK adults have one or more high-cost loans now or have had one in the last 12 months, including, for example, payday loans and home collected loans

12.9 million adults (25% of all UK adults) have been overdrawn in the last 12 months

3.1 million adults have used an unauthorised overdraft facility, either by exceeding their limit or never arranging one, in the last 12 months

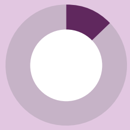
Informal or non-regulated loan use in the last 12 months include **3.6m UK adults borrowing from friends and family,** and 0.1 million borrowing from unregistered lenders

Consumers who are 'in difficulty'

We define

4.1 million

people as being in difficulty, because they have already failed to pay domestic bills or meet credit commitments in three or more of the last six months



13% of 25-34 year olds are in difficulty, having missed paying domestic bills or credit payments in three or more of the last six months

Consumer understanding and decision-making

Almost 12 million people have insurance or protection products and would 'go for the cheapest' rather than compare the coverage of different products

Just over 12 million people do not think they have enough information to decide, on quality, between different insurance policies

0.4 million UK adults in the last two years have accessed a defined contribution (DC) pension(s) (for example by buying an annuity) and admit to not understanding their access options at all or even that options exist

A preference to stick with a known brand increases with age, to **82% of those 75 and over**, compared with a **UK average of 62%**

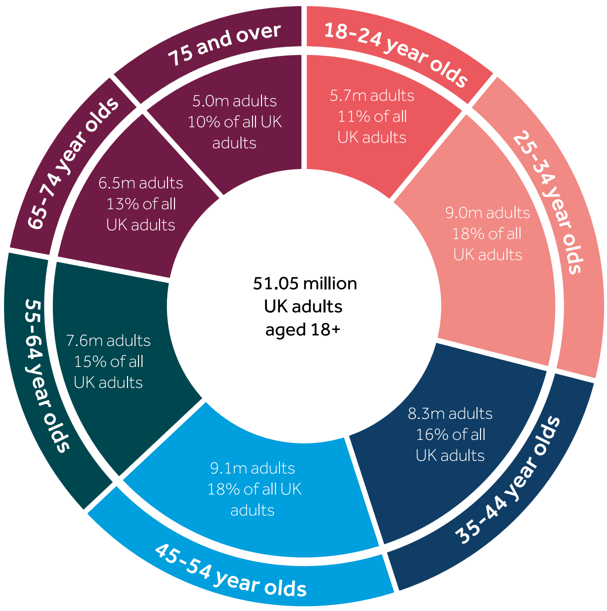
Reporting by age

We are committed to looking at the experiences of different types of consumer. The Financial Lives Survey 2017 gives us the ability to cut the data on multiple dimensions.

In this report we have chosen to analyse results primarily by age. This is because people have different experiences and responsibilities at different stages of their life, and age is an important driver of people's product holdings and how they interact with financial services.

Our survey is of UK adults aged 18 and over. Figure 1.1 shows seven age groups which make up the UK adult population, from those 18-24 to those 75 and over. We show both the proportion of the UK adult population they account for, and the absolute number of adults in the group. So, for example, those 75 and over account for 10% of UK adults, or 5.0 million people.

Figure 1.1 UK adults by age group



D2/3 Current age. All UK adults (u-w: 12,865/w: 12,865)[5]

In the following boxes we present some key facts and examples of potential harm for our **age groups 18-24, 25-24, 35-44, 45-54, 55-64** and **65 and over**. Each age summary starts by noting the proportion of UK adults that:

- are over-indebted
- show characteristics of potential vulnerability
- are in difficulty, surviving or financially resilient; each UK adult falls into one of these three categories[6]

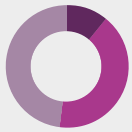
5 Under each table and figure we provide the question number and the sample size, unweighted (u-w) and weighted (w). Where we are reporting data from a combination of questions, we may provide this information for only the lead question. This will help the reader to find the right question or set of questions in the weighted data tables.

6 For further information on these terms, please see the **Glossary of terms**. Over-indebted is a term we have adopted from the Money Advice Service. The other terms have been created for this report, and are explained further in Appendix 2; see Tables A.1 and A.2.

UK adults 18-24

17% over-indebted

52% show characteristics of potential vulnerability



11% in difficulty

41% surviving

48% financially resilient

Core demographics

- Employment: 45% work for an employer full-time, 17% work for an employer part-time, 24% are students
- Housing: 49% renting, 35% living rent free, 13% buying with a mortgage or loan (incl. shared ownership)
- Dependants: 88% have no financially dependent children
- Mean household income: £36,000
- Mean personal income: £31,000 (52% under £20,000, 17% £20,000-£29,999)
- Have unsecured debt (including SLC loans*): 55%
- Have unsecured debt (excluding SLC loans): 32%
- Mean unsecured debt (including SLC loans): £8,750
- Mean unsecured debt (excluding SLC loans): £1,460
- No cash savings: 20%
- Mean cash savings: £8,000
- No investments: 94%
- Mean investments: £1,000
- Have a private pension they are yet to access: 30%

Other key facts

- Satisfaction with overall financial circumstances is among the lowest of any age group
- 27% have used a mobile wallet (e.g. Apple Pay, Samsung Pay, Android Pay) in the last 12 months
- In the last 12 months 26% have checked their account balance, 8% have transferred money, and 71% have paid in cash or cheques face to face in branch
- 41% are surviving, the highest of any age group
- Auto-enrolment appears to be encouraging saving for their retirement (30% say they have a private pension)
- Just 31% have confidence in the UK financial services industry, which may help to explain a reasonably high (58%) preference for sticking with a known brand
- 5% are unbanked

Potential harm

Lowest level of financial resilience (48%)

Least confident in managing money and least knowledgeable about financial matters

Less security conscious (most likely to have given their debit or credit card to someone else to use; less likely to cover their PIN and to dispose of bank statements securely)

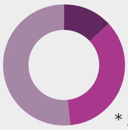
18% of all UK adults with a payday loan are 18-24 year olds

* SLC stands for Student Loan Company

UK adults 25-34

23% over-indebted

47% show characteristics of potential vulnerability



13% in difficulty

36% surviving

51% financially resilient

* See footnote below

Core demographics

- Employment: 65% work for an employer full-time, 11% for an employer part-time
- Housing: 48% renting, 38% buying with a mortgage or loan (incl. shared ownership), 10% living rent free
- Dependants: 41% have financially dependent children, 13% had a baby in the last 12 months
- Mean household income: £49,000 (35% £50,000 or over, 13% under £15,000)
- Mean personal income: £34,000 (15% £50,000 or over, 34% under £20,000)
- Have unsecured debt (including SLC loans): 63%
- Have unsecured debt (excluding SLC loans): 51%
- Mean unsecured debt (including SLC loans): £8,250
- Mean unsecured debt (excluding SLC loans): £4,200
- No cash savings: 19%
- Mean cash savings: £11,000
- No investments: 85%
- Mean investments: £2,000
- Have a private pension they are yet to access: 61%

Other key facts

- 30% have a Student Loan Company loan
- They make up one quarter of motor finance holders (23%), personal loan holders (24%) and credit card revolvers (25%). They also account for 29% of short-term instalment loan holders, as well as 37% of all payday loan holders
- Excluding SLC loans, mean debt levels are almost three times that of 18-24 year olds (£4,200 compared with £1,460)
- Far more likely to have been overdrawn in the last 12 months than all other adults; 36% have been overdrawn in the last 12 months, and 13% are currently overdrawn. 11% of all 25-34 year olds have exceeded their overdraft limit or used an unauthorised overdraft in the last 12 months
- 19% have no cash savings at all; a further 30% have savings of less than £1,000
- Most likely to agree that they tend to opt for the cheapest insurance policy rather than compare what different policies cover

Potential harm

23% are over-indebted, the highest of any age group

Financial resilience is lower than the UK average (51%, compared to 65%)

9% have at least one high-cost loan product now or have done in the last 12 months (the highest ownership, along with 35-44 year olds)

37% of all UK adults with a payday loan are 25-34 year olds

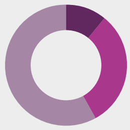
Only 24% of renters have home contents insurance

* For presentation reasons, so that these results sum to 100%, we have here 'rounded-up' the proportion surviving from 35.26% to 36%. Elsewhere in the report, and as noted in Appendix 1 (Methodological notes), we accept that results may not add to 100%

UK adults 35-44

21% over-indebted

46% show characteristics of potential vulnerability



11% in difficulty

31% surviving

58% financially resilient

Core demographics

- Employment: 59% work for an employer full-time, 15% for an employer part-time, 10% are self-employed
- Housing: 59% buying with a mortgage or loan (incl. shared ownership), 30% renting
- Dependants: 66% have financially dependent children
- Mean household income: £56,000 (41% £50,000 or over)
- Mean personal income: £39,000 (20% £50,000 or over, 36% under £20,000)
- Have unsecured debt (including SLC loans): 57%
- Have unsecured debt (excluding SLC loans): 54%
- Mean unsecured debt (including SLC loans): £5,870
- Mean unsecured debt (excluding SLC loans): £5,130
- No cash savings: 17%
- Mean cash savings: £16,000
- No investments: 76%
- Mean investments: £5,000
- Have a private pension they are yet to access: 71%

Other key facts

- Higher than average household incomes (mean of £56,000, compared to £46,000 for all UK adults)
- In comparison to other age groups, a higher proportion of 35-44 year olds hold critical illness cover (20%), MPPI (5%), unemployment insurance (4%) and income protection insurance (7%). This age group accounts for a third of all holders of each of these products
- 59% are buying with a mortgage or loan, the highest proportion of any age group
- Highest amount of outstanding mortgage debt of any age group; 50% owe from £100,000 up to £250,000, and 11% owe more than £250,000 on their mortgage
- Have the highest amount of unsecured debt (excluding SLC loans)
- Cash savings levels are higher than for younger age groups, but are around £10,000 lower than the UK average
- 3% have had regulated financial advice in the last 12 months about investments, pensions or retirement planning; 21% have not had advice in the last 12 months but might need it
- Just 18% have given a great deal of thought to how they will manage financially when they retire

Potential harm

A significant proportion with a mortgage and/or financially dependent children do not have protection cover

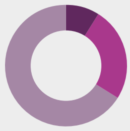
Most likely of any age group to be revolvers of credit card (30%) and catalogue credit (9%) balances

9% have at least one high-cost loan product now or in the last 12 months (the highest ownership level, along with 25-34 year olds)

UK adults 45-54

16% over-indebted

48% show characteristics of potential vulnerability



9% in difficulty

25% surviving

66% financially resilient

Core demographics

- Employment: 55% work for an employer full-time, 16% for an employer part-time, 13% are self-employed
- Housing: 55% buying with a mortgage or loan (incl. shared ownership), 22% own outright, 21% renting
- Dependants: 44% have financially dependent children
- Mean household income: £57,000 (42% £50,000 or over, 13% under £15,000)
- Mean personal income: £38,000 (21% £50,000 or over, 37% under £20,000)
- Have unsecured debt: 48%
- Mean unsecured debt: £5,080
- No cash savings: 14%
- Mean cash savings: £26,000
- No investments: 65%
- Mean investments: £13,000
- Have a private pension they are yet to access: 77%

Other key facts

- 22% own their home outright
- Based on what consumers have told us the mean loan to value (LTV) ratio on outstanding mortgages is 37% (compared to 48% for all UK residential mortgage holders)
- Although unsecured debt levels remain high, this age group is less likely to revolve a balance on a credit card and other running-account credit balances, in comparison to those aged 35-44
- Levels of saving and ownership of savings products have increased in comparison to younger age groups, helping with financial resilience (66% are financially resilient)
- 8% have had regulated financial advice in the last 12 months about investments, pensions or retirement planning; 28% have not had advice in the last 12 months but might need it

Potential harm

Low levels of engagement with planning for retirement. Just 35% have given a great deal of thought as to how they will manage in retirement. 35% of DC pension holders do not know how much they/their employer contribute to their DC pension

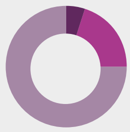
Highest levels of interest-only mortgages: 15% of 45-54 year olds have an interest-only mortgage, and of all those with an interest-only mortgage 40% are 45-54

Most likely to have had a complaint about a general insurance or protection product in the last 12 months

UK Adults 55-64

11% over-indebted

46% show characteristics of potential vulnerability



5% in difficulty

20% surviving

75% financially resilient

Core demographics

- Employment: 38% work for an employer full-time, 13% for an employer part-time, 13% are self-employed, 20% retired
- Housing: 25% buying with a mortgage or loan (incl. shared ownership), 19% renting, 53% own outright
- Dependants: 90% have no financially dependent children, 4% became the main carer for a close family member in the last 12 months
- Mean household income: £45,000 (28% £50,000 or over)
- Mean personal income: £30,000 (14% £50,000, or over 58% under £20,000)
- Have unsecured debt : 35%
- Mean unsecured debt: £3,370
- No cash savings: 8%
- Mean cash savings: £37,000
- No investments: 60%
- Mean investments: £18,000
- Have a private pension they are yet to access: 54%

Other key facts

- Of those not retired, 18% expect to retire in the next two years, while 13% do not know and 69% have no plans to retire in this time frame
- Health issues are starting to emerge – 32% have physical or mental health condition(s) lasting 12 months or more
- A significant proportion are mortgage free and debt free (65% of 55-64 year olds do not have any unsecured debt and 53% are mortgage free in that they now own their home outright)
- Those in retirement are less likely to be over-indebted than those still working – 4% of retirees are over-indebted, compared to 15% who are self-employed and 9% who are employees
- 58% are happy with their pension arrangement choices
- 11% have had regulated financial advice in the past 12 months about investments, pensions or retirement planning; 36% have not had advice in the last 12 months but might have a need for it
- Proportions holding life insurance are falling: 30% hold this, compared to 44% of 45-54 year olds
- 50% expect to live to age 80 or less, significantly under-predicting longevity. This could have implications for retirement planning and decumulation decisions

Potential harm

Despite nearing retirement around a quarter of those with a DC pension do not know how much they have in their DC pension pot

Only half have given a great deal of thought to how they will manage in retirement

18% who have accessed a DC pension in the last two years do not know what they have done (e.g. taken annuity, income drawdown

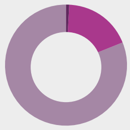
There are signs that some of those who are very close to making their at-retirement decisions are not seeking out information, guidance or advice

Most likely (30%) to have experienced an unsolicited approach in the last 12 months related to a pension; 5% of those who have received an unsolicited approach have responded to offers

UK adults aged 65 and over

4% over-indebted

60% show characteristics of potential vulnerability



1% in difficulty

18% surviving

81% financially resilient

Core demographics

- Employment: 86% retired
- Housing: 71% own outright, 17% renting, 6% buying with a mortgage or loan (incl. shared ownership)
- Dependants: 2% still have financially dependent children
- Mean household income: £29,000
- Mean personal income: £22,000
- Have unsecured debt: 17%
- Mean unsecured debt: £1,130
- No cash savings: 5%
- Mean cash savings: £45,000
- No investments: 59%
- Mean investments: £25,000
- Have a private pension they are yet to access: 15%

Other key facts

- 22% are aged 65 and over, and 2% are aged 85 and over
- Very few (1%) are in difficulty, and this number does not materially change for the older populations within this age group. 18% are surviving – this is the lowest of any age group
- 10% of adults aged 65 and over are still in work. Of these, 40% are self-employed
- The State Pension is the main source of income for 49%
- 56% are receiving an income or have taken a cash lump sum from a private pension – 71% say they or someone else in their household receives an income from a pension other than the State Pension
- 35% never use the internet
- 11% of all adults with an interest-only mortgage are aged 65 and over
- Levels of debt have diminished considerably – 83% have no unsecured debt
- Those with financial commitments associated with long-term care, either for themselves or someone else, increases notably at the age of 85, where it jumps to 10% (in comparison to 5% of those aged 65-84)
- After age 85 we see a step change in how confident people feel about their finances – 31% aged 85 and over have low confidence in managing their money; most (85%) of those aged 85 and over prefer to stick with a financial brand that they know, compared to 74% of those aged 65-74

Potential harm

Most likely to be long-standing customers, e.g. two fifths of those 65 and over have held their home insurance (contents and building) with the same provider for 10 years or more

Those aged 65 and over are least likely to check if an internet site is secure before giving their bank or credit card details

Those 85 and over are least likely to cover their PIN when withdrawing money

Defining potential vulnerability

In this report we define the characteristics of potential vulnerability, having drawn on a wide range of sources including primary FCA-commissioned research, as summarised in our *Consumer Vulnerability* Occasional Paper.[7]

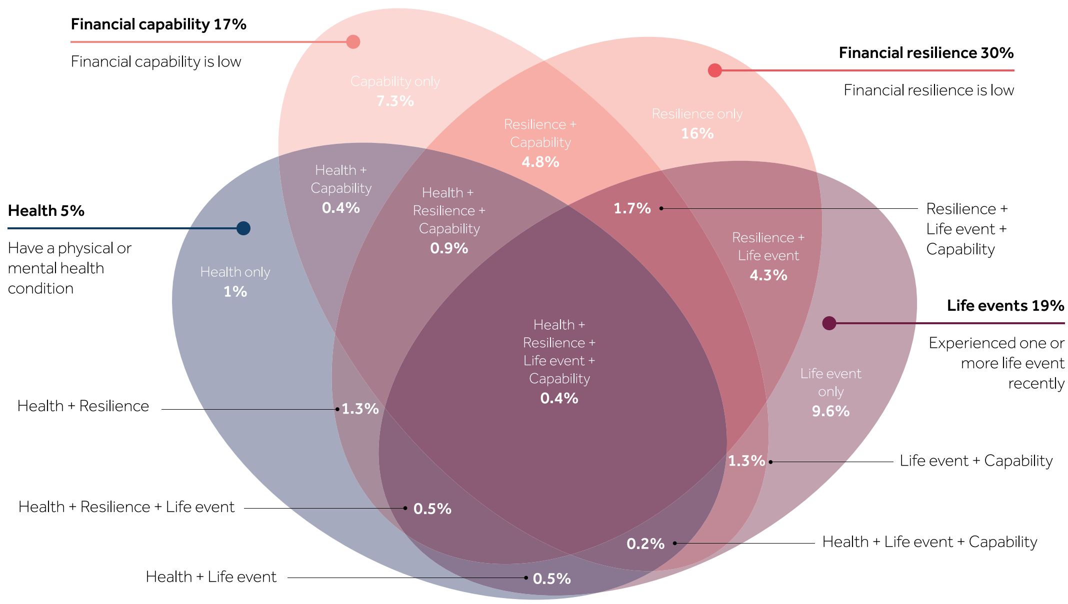
We have been clear in this Occasional Paper that any consumer could be vulnerable at some time in their life, for example through serious illness or bereavement.

Many people in vulnerable situations would not diagnose themselves as 'vulnerable,' and it is important to be clear that potential harm does not translate into real harm for the majority of people who could be at risk. There is a careful balancing act to be achieved that involves the FCA, financial services firms and wider stakeholders to ensure that consumers when they are vulnerable are helped, protected and served better, and able to participate in mainstream markets.

The characteristics we have used to define vulnerability, taken together or individually, indicate potentially vulnerable consumers who may suffer disproportionately if things go wrong. It covers those who may be less able to engage with their finances or with financial services. The reasons for this can vary from low financial resilience to suffering a recent life event (such as redundancy, bereavement or divorce) to low financial capability. It may also be a health-related problem that affects their day-to-day activities.[8]

Figure 1.2 shows the overlaps between the characteristics of potential vulnerability based on the definition we have used in this report.

Figure 1.2 Characteristics of potential vulnerability among UK adults[9]



Vul_venn2 – Potential vulnerability – breakdown of component measures. Base: All UK adults (12,865)

Each portion of the figure shows a combination of potential vulnerability characteristics and the proportion of UK adults demonstrating these combinations; the size of each portion is not representative of the proportion of UK adults the portion represents.

7 www.fca.org.uk/publication/occasional-papers/occasional-paper-8.pdf.

8 In Appendix 2 (**Methodological notes**) we set out the Financial Lives Survey questions and answers we have used to define vulnerability.

9 For definitions of 'financial capability,' 'financial resilience,' 'health' and 'life events,' please see Table A.1 in Appendix 2.

Key emerging findings

Potential vulnerability and exclusion

A half (50%) of the UK adult population shows characteristics of potential vulnerability. It should be stressed that potential vulnerability does not mean these consumers will experience detriment or actual harm, but that they may be more susceptible to it.

For all age groups the proportions showing characteristics of vulnerability hover around the national average of 50%. The exception is for those 75 and over, for whom the proportions showing vulnerable characteristics are 69% (75s and over) and 77% (85s and over).

There is a subgroup of the vulnerable we describe as being in difficulty. This is because they have already missed paying domestic bills or meeting other credit commitments in three or more of the last six months. The results here are quite different and suggest a focus of attention away from older adults:

- compared with the national average of 8%, above average proportions of those 18-24 (11%), 25-34 (13%), 35-44 (11%) and 45-54 (9%) are in difficulty
- levels drop for older groups: just 1% of those 75 and over are in difficulty

A small proportion (3%) of UK adults are unbanked. This means they have no current account or an alternative e-money account. This is not a problem for all of them:

- those most affected are the 18-24s and those over 85; one in twenty (5%) of each group is unbanked
- most of the unbanked 85s and over have a Post Office card account instead
- this leaves the youngest age group with the greatest proportion unbanked *and* the greatest proportion who see this as a problem
- overall, at least three in eight of the unbanked would prefer to have a current account

Consumer attitudes, knowledge and behaviour

Confidence in managing money and knowledge about financial matters increase with age, as does satisfaction with financial circumstances:

- ratings are lowest for the 18-24s: 9% have high knowledge, 21% high confidence and 12% high satisfaction[10]
- after that age, the proportions scoring themselves highly rise gradually, and, broadly speaking, plateau for confidence and knowledge, but rise more steeply for satisfaction among the 65-74s and those 75 and over
- averages across the UK population for highly rated knowledge, confidence and satisfaction are 16%, 37% and 21%, respectively

10 See **Glossary of terms** for 'high' and 'low' used to describe knowledge, confidence and satisfaction.

Consumers are learning through age and experience – but not to the point where the majority are well equipped to make important financial decisions, such as how best for their own circumstances to access a defined contribution (DC) pension. Under half of those 55-64 (41%), 65-74 (44%) and 75 and over (47%) rate their confidence in managing money as high. A full quarter (25%) of those who accessed a DC pension in the last two years are not able to say how they did so, i.e. whether they purchased an annuity or accessed their pension pot in another way.

Fewer than four in ten (38%) UK adults have confidence in the financial services industry. This may help to explain why two in three (65%) prefer to stick to a financial brand they know. This preference is highest for the oldest consumers:

- brand loyalty may in some cases be a good thing. But it suggests inertia, when we see that loyalty is increasing as confidence in the financial services industry is declining

- do older consumers in particular need encouragement to consider other brands? Or do they need more protection from potential exploitation of their inertia?

Lack of knowledge and self-confidence, combined with low confidence in the financial services industry, may contribute to the low numbers of people with insurance, protection and pension products.

We are concerned about consumers' lack of knowledge and their lack of engagement with products and providers because these create conditions for harm to occur more readily. The Financial Lives Survey 2017 provides considerable evidence of consumers not engaging (e.g. not reviewing their pension investments or their worth; selecting the cheapest insurance rather than shopping around, and not reading credit agreements and pre-contract information) or lacking real understanding (e.g. not knowing if their pension is a defined contribution (DC) or defined benefit (DB) pension; not knowing that different options exist for accessing a DC pension; not knowing what *no claims protection* means for motor insurance).

Many consumers shop around, i.e. compare providers, but fewer switch provider.

Rates of switching vary considerably by product. Partly this is inevitable because switching brings different levels of advantage for different products, and for some products, such as many insurance products, there is an annual prompt to consider switching in the form of a new price offer:

- day-to-day accounts have the lowest level of switching (6% of consumers in the last three years) combined with the highest percentage of customers (60%) who have been with their provider for 10 years or more

- the results for motor insurance are almost the exact opposite: a large proportion (55%) of motor insurance holders have switched provider in the last three years, while few (8%) have been customers of the same provider for 10 years or more

Top reasons for not switching include contentment with existing providers, and having a discount or being on a fixed deal. Some consumers admit to not having time to switch, while some see no difference between providers to justify a switch.

A majority of consumers, for most of the products for which we have large enough sample sizes to conduct analysis, say they shop around. Some of the lower levels of shopping around may be a concern. Half or less of those who have purchased an annuity (51%) or entered into income drawdown (46%) in the last two years shopped around, while another 14% and 6%, respectively, do not know whether they did so.

Generalising, as results differ by product, those who do not shop around are pleased with the offer or choice from their provider. Substantial minorities do not know why they did not shop around or admit to simply not considering it. Few give negative reasons, such as finding shopping round difficult or being concerned about the effect on their credit rating.

Mostly, those who do shop around and switch say they find the process easy.

Consumer experiences

Although most UK adults are careful with their cards and account details, some still share their details. In the last 12 months, 7% of UK adults have given their debit or credit card to someone else to use, while 6% have shared their current account or credit card PIN with another person.

In the last 12 months, 3% of day-to-day account holders have experienced their account or debit card being used without their permission to take cash from their account; 2% have had money taken from their account in another way that involved their personal details being used without their permission.

Fewer than one in ten (7%) have been contacted in the last 12 months either about a request to transfer money through their account, a request to confirm their account details, password or PIN, or both. As a result, a small proportion, equating to 3% of all UK adults, have lost money.

The Financial Lives Survey 2017 explores other instances of unsolicited approaches that people have experienced in the last 12 months. We do not know whether these unsolicited approaches were scams but they might be.

In sum, 23% of all UK adults have experienced one or more of the following types of unsolicited approach – which could potentially be a scam: calls, emails or text messages claiming to be from the government, and offering retirement planning advice or a free pension review; a request to access a personal or company pension before the age of 55; the chance to unlock a pension early and get money, or the offer of a 'loan', 'saving advance' or 'cashback' to take advantage of a pension deal, or offered either the chance to make a high-return investment, to buy shares in a company, or both.

There is a sizeable gap between the proportions of adults with unprompted and prompted recall of problems, suggesting that consumers have come to accept that service can be poor.

Even after prompting, however, most consumers have not experienced problems with their financial products or with any related advice in the last 12 months.

Low proportions may still equate, nonetheless, to millions of customers experiencing problems. For example 8.7 million UK adults have experienced a problem with a day-to-day account (generally a current account) in the last 12 months.

Some problems are bigger or have more impact than others and we can focus in on these and the numbers of consumers affected:

- 2.8 million UK adults with a day-to-day account have experienced a service disruption or IT system failure in the last 12 months
- 1.1 million UK adults with either general insurance, protection products or both have had problems with complex policy information in the last 12 months[11]

The propensity to complain is greatest for general insurance and protection:

- in the last 12 months 2.6 million insurance or protection holders complained to a provider
- 1.7 million describe as low their satisfaction with how the complaint was handled

Indeed, across all sectors most who complain to a provider are not satisfied with how the complaint is handled.

Personal loan providers are highest in the rank order for satisfaction and trust, based on satisfaction ratings given to the providers of 22 different products by those holding them. Pet insurance providers are second for both, and home content insurance providers are third for both. DC pension and cash ISA providers are in the bottom half for both satisfaction and trust.

There is a variation in rank positions for all other products, but trust and satisfaction are not always linked. For example mortgage lenders, motor insurance and multi-trip travel insurance providers appear in the top half for satisfaction and the bottom half for trust. The picture is reversed for mobile phone and home emergency insurance providers, and for NS&I for its bonds: these appear in the top half for trust and the bottom half for satisfaction.

These patterns may be explained more fully with further analysis, looking at the profile of policy-holders and the inherent product traits.

Lower scores may be influenced by people who have had a recent problem, or are on a lower income or are over-indebted.

11 See **Glossary of terms** for 'general insurance' and 'protection' products.

2 18-24 year olds

Summary

Demographic shifts have taken place over the past half century which have changed the lives of young adults in developed countries such as the UK, compared with previous generations. Steady improvements in life expectancy now mean that more of this generation may comfortably expect to live to 100.

This group is characterised by fledgling financial needs. Most have a current account (92%), and over half (55%) have a savings account. Relatively few have a credit card (29%), motor insurance (34%) or travel insurance (27% have single-trip and 8% multi-trip insurance).[12]

Many have yet to form households and are therefore not driven to think about the need for financial protection for themselves or their families (35% are living rent free at home). Half (49%) are living in rented accommodation and despite not yet being able to afford their own home and only needing to protect their personal belongings, 14% of 18-24 year old renters have home contents insurance.

Two thirds (65%) of those aged 18-24 are working – with the vast majority of those (95%) being employed rather than self-employed (5%). There are signs that auto-enrolment into workplace pensions is encouraging even the youngest adults in society to save for their retirement. A quarter (25%) of all 18-24 year olds have a DC pension,[13] rising to almost three eighths (37%) for those 18-24 year olds in work.[14] Stated pot sizes are minimal at present (less than £5,000 for 60% of those in this age group with a DC pension, over £5,000 for just 8%, while 31% do not know).

Many young adults are entering further and higher education (24% of 18-24 year olds are students) and, as a consequence, they are delaying the start of permanent employment. 2017 figures from Universities and Colleges Admissions Service (UCAS) show that in 1980 there were only 68,000 people starting at university, yet in autumn 2017 there will be more than 500,000. Twice as many people are now getting a degree as were getting five O levels in the early 1980s.[15]

Savings are small (20% have no savings) and half (55%) of 18-24 year olds have debts, largely due to Student Loans Company (SLC) loans. Leaving aside SLC loans, two thirds (68%) of 18-24 year olds do not have any unsecured debt at all, which is higher than the UK average (62%).

12 Please note that all product ownership statistics relate to products held in adults' own names. See introduction to Appendix 1 (**Product ownership**).
13 When respondents have an employer arranged private pension, the survey prompts them with a description of a defined benefit and defined contribution pension. If they do not recognise these, we assume they have a defined contribution pension.
14 See **Glossary of terms** for 'in work.'
15 www.ucas.com/corporate/data-and-analysis.

In terms of financial resilience, one in nine (11%) 18-24 year olds are already in difficulty, and a further two in five (41%) are surviving. Lack of financial resilience for these 18-24 year olds is driven by low to no savings. Small increases in rents or mortgage payments would mean many more would struggle. One in twenty (5%) could not cope with any increase in such outgoings, while a further one in five (18%) would struggle if payments went up less than £100 a month.

18-24 year olds are the least confident about managing their money and the least knowledgeable about financial matters compared with all UK adults and all other age groups.

Financial life story

This group have fledgling financial needs

It is no longer the norm for people to get married and start a family in their late teens and early twenties. Very few (less than 5%) have experienced one of these life events in the last 12 months. For most, such life-changing events only really start to occur in the late twenties and early thirties, and it is most commonly at this point that more complex financial requirements start to emerge. In contrast, the most common life event for the 18-24 year old group is moving house. One in five (21%) have done this in the last 12 months. Many (49%) live in rented accommodation rather than having the stability of owning their own home.

The 18-24 year old age group has lower personal incomes than all UK adults of working age, which reflects their limited employment history. Two in five (41%) currently pay no tax as they have no earnings, or earn below the current personal allowance. Over half (56%) have earnings below the higher-rate tax threshold.

Table 2.1 shows selected demographic information for 18-24 year olds in comparison with all UK adults.

Table 2.1 Demographics of 18-24 year olds compared with all UK adults

Compared with all UK adults	All UK adults	18-24
More likely to be working	62%	65%
More likely to be a student	4%	24%
Less likely to be self-employed	8%	3%
More likely to be unemployed and looking for work	3%	8%
Less likely to pay basic rate income tax	62%	56%
More likely to pay no income tax	24%	41%
More likely to be renting	29%	49%
Less likely to have a residential mortgage[16]	33%	13%
More likely to be living rent-free	7%	35%
Less likely to be living with someone in their household as a couple	63%	24%
More likely to have no financially dependent children	71%	88%

18-24 year olds rate themselves as the least confident and knowledgeable of all UK adults about financial matters

18-24 year olds are less confident about managing their money and knowledgeable about financial matters than all UK adults and other age groups. As a result, most do not feel as confident as older adults in their ability to choose pensions, investments or mortgages by themselves (just 19%, 21% and 18%, respectively are confident to do this).

The one in five who thinks that they know enough to make these decisions without consulting a financial adviser may be demonstrating some naivety due to their lack of experience with these products. As an example, over half (56%) of those aged 18 to 24 who think they can find a pension themselves do not have a pension, and the vast majority of the rest, have a DC pension organised by their employer. Just one in seven (14%) of those who think they can choose investments without consulting an adviser have investable assets of £10,000 or more.

Those aged 18-24 with a day-to-day account held for less than three years have chosen it on the basis of a recommendation (55%) or due to the reputation of the provider (37%).[17] This compares with 30% and 44% of all adults.

Confidence, knowledge and savviness are not driven by levels of educational attainment. Adults with postgraduate degrees are just as likely to feel uncertain about their abilities as those educated to GCSE level, e.g. 26% of adults aged 18-24 with a

16 Unless otherwise stated, in Chapters 2-7 we report 'having a residential mortgage' when consumers tell us they occupy the property in which they live currently on the basis either of *Buying it with the help of a mortgage or loan* or *Pay part rent and part mortgage (shared ownership)*, i.e. this reporting is based on question D13. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

17 The question was not asked of those using a Post Office card account as their main day-to-day account.

degree or postgraduate qualification are confident managing their money, as is the same proportion of those with GCSEs.

Behavioural economics show that many of our financial decisions are governed by a range of biases, some of which are learned behaviours gained from our experiences, and some are inherent. The Financial Lives Survey 2017 gives some key insights into two key aspects of these in-built behaviour patterns: risk aversion and present bias.

First, we know that women of all ages are more risk averse than men. The Financial Lives Survey 2017 shows that this behaviour would appear to manifest itself at quite a young age. Around three in four (77%) 18-24 year old women say, when it comes to taking chances, they would rather be safe than sorry, compared with just six in ten (60%) young men of the same age.

Second, at least one in three people across all age groups, including the 18-24 year olds, exhibit present bias, i.e. a strong desire to live for today rather than plan for tomorrow. Again, there are some apparent gender differences; young men are more likely to think about today than young women (35% compared with 26%, respectively). That said, it is encouraging that so many (three in ten – 31%) younger adults are thinking about their financial futures.

Even though 18-24 year olds have had little experience, there is already some mistrust in the financial services industry
Much of how people manage their financial lives depends on their perception of the financial services industry, and how much trust they have in the sector.

Just under a quarter (23%) of 18-24 year olds feel that financial firms treat them honestly and transparently. This is lower than the one in three (31%) of all UK adults who feel this way. A further two fifths (40%) of 18-24 year olds are not able to give a view one way or the other, perhaps due to their lack of experience with the industry.

Three in ten (29%) UK adults do not have confidence in the financial services industry. A very similar proportion (30%) of 18-24 year olds also feel this way despite having very limited experience of financial products, providers or mis-selling.

This general lack of trust in the industry may explain why 18-24 year olds are not much more open to trying new brands than the population as a whole: 58% of 18-24 year olds agree they like to stick with a financial brand they know, compared with 65% of all UK adults. It may also explain why, even at this early stage of life, they seem to be sticking to well-known household names. For example, 87% of 18-24 year olds using a personal current account have their account with one of the main high street banks.

"It was my belief that if you use a recognised name in the business then there is less risk of complications and it is less likely that there will be hidden terms and conditions." Financial Lives Survey 2017 respondent, aged 18-24

Table 2.2 shows the perceptions and attitudes of 18-24 year olds regarding financial services along with their levels of confidence, knowledge and satisfaction in comparison to all UK adults.

Table 2.2 Perceptions and attitudes of 18-24 year olds compared with all UK adults

	All UK adults	18-24 year olds
Highly confident about managing money	37%	21%
Highly satisfied with financial situation	21%	12%
Highly knowledgeable about financial matters	16%	9%
Consider themselves to be a confident and savvy consumer	52%	39%
Prefer to stick with a financial brand they know	65%	58%
Would rather think about today than plan for the future	28%	31%
When it comes to taking chances they would rather be safe than sorry	78%	69%
Feel that financial firms are honest and transparent in the way they treat them	31%	23%
Do not have confidence in the UK financial services sector	29%	30%
Know enough about pensions to choose ones that are suitable for their circumstances, without consulting a financial adviser	27%	19%
Know enough about investments to choose ones that are suitable for their circumstances, without consulting a financial adviser	29%	21%
Know enough about mortgages to choose ones that are suitable for their circumstances, without consulting a financial adviser	39%	18%
Know where to look for a financial adviser	46%	30%

Relatively few have a mortgage

Just one in eight (13%) 18-24 year olds have a residential mortgage on the property in which they currently live. Of those who do, most are working; around three in four (73%) are employed, and less than one in ten (7%) are self-employed. Most (86%) are also single with no children.

Young adults who have managed to get on the housing ladder rarely live on their own. Two fifths (44%) of 18-24 mortgage holders are living with someone as a couple (compared with 33% of renters), while 96% are living with two or more adults.

The financial lives of the 18-24s are overshadowed by SLC loans, but beyond this, considerably fewer than average use credit

Funding changes now mean that those leaving higher education have unsecured debts at a young age. Students in England leave university with higher debts than almost anywhere else in the developed world except the US, according to the Institute for Fiscal Studies.[18]

The Financial Lives Survey 2017 shows that 18-24 year olds have the highest amount of unsecured debt outstanding of any age group; with a mean average unsecured debt (including SLC loans) of £8,750. This compares to £4,960 for all UK adults, and just £2,000 for adults aged 55 and over. Overall, 55% of 18-24 year olds have some unsecured debt, and the mean average amount outstanding for these adults (those with debt) jumps to £17,440.

These figures are significantly inflated by SLC loans. Over one third (36%) of 18-24 year olds have, or have had, an SLC loan in the last 12 months and the average SLC loan outstanding (for those with an SLC loan) stands at almost £23,000. As a result, SLC loans account for over 80% of all unsecured debt for this age group.

18 www.ifs.org.uk/publications/9334.

"I think the interest on my [student] loan is higher than what I'm paying off. I don't think I'll ever pay it off…I'm not really worried about it, the repayments are so low it doesn't really affect me or change how I spend my money." Financial Lives Survey 2017 respondent, aged 18-24

Stripping out SLC loans, now over two thirds (68%) of 18-24 year olds do not have any unsecured debt at all, which is higher than the UK average (62%). Excluding SLC loans, the average unsecured debt for all 18-24 year olds drops to £1,460, compared with £3,320 for all UK adults.

While credit cards are by far the most popular type of credit product held by 18-24 years (not including SLC loans), far fewer 18-24 year olds have a credit card compared with older adults; 29% of 18-24 year olds, or 1.7 million people, have at least one credit card compared with 62% of all UK adults.

Looking at credit card use through a slightly different lens, almost seven in ten (69%) of 18-24 year olds with a credit card are not revolving a balance.[19] This suggests that the vast majority are using their credit cards as a flexible payment mechanism, rather than to live beyond their means. The 18-24 year old age group is more likely to use credit cards in this way than those who are slightly older. For example, 56% of those aged 25-44 with a credit card do not revolve their balance, and the figure is very similar for 45-54 year olds.

This payment story may be different in the future as new payment methods emerge and replace credit card use. We are already seeing young people embrace new payment technologies. For example, in the last 12 months, seven in ten (70%) 18-24 year olds using a current account, e-money account, credit union account or Post Office card account as their day-to-day account have made a contactless payment. During the same period, around a quarter (27%) used a mobile wallet app or smartphone app which was not provided by a current account provider (e.g. Applepay, Samsungpay or Androidpay). Over half (54%) have used Paypal to pay for goods or services in the last 12 months.

Twenty-nine per cent of 18-24 year olds have been overdrawn at some point in the last 12 months on their current account, e-money account, or both. One in ten (10%) are overdrawn at the moment. Of those 18-24 year olds who have been overdrawn in the last 12 months, a quarter (23%) exceeded their agreed overdraft limit some or all of the time and 12% were unauthorised from the start,[20] as no limit was agreed. Two thirds (66%) always stayed within their agreed overdraft limit.

Other sources of credit for this age group include store cards (held by 8% of 18-24 year olds), motor finance (7%),[21] personal loans (5%), and catalogue credit (5%). The Financial Lives Survey 2017 also shows that just over one in eight (12%) in this age group is using informal loans from friends and family, or have used them in the last 12 months.

Use of one or more forms of high-cost loan is similar to the UK average,[22] at 6%, but far lower than adults aged 25-34 (9%) or 35-44 (9%). That being said, the 18-24 year olds are an important segment in several high-cost loan markets. For example, 18-24 year olds account for almost one in five (18%) of all those who have used payday lending

19 See **Glossary of terms** for 'revolving.'
20 See **Glossary of terms** for 'unauthorised.'
21 See **Glossary of terms** for 'motor finance.'
22 See **Glossary of terms** for 'high-cost loan.'

in the last 12 months; one in seven (15%) of all those who have had a short-term instalment loan, and one in five (21%) of all those who have used a pawnbroker.

Table 2.3 shows some of the consumer credit products held by 18-24 year olds, the percentage with student loans and levels of unsecured debt in comparison to all UK adults.

These figures are somewhat concerning given this group's lack of financial experience and self-reported lack of financial knowledge and confidence.

Table 2.3 Use of consumer credit products and debt levels of 18-24 year olds compared with all UK adults

Compared with all UK adults	All UK adults	18-24
Less likely to be comfortable to use credit and to agree that it feels normal to them	38%	31%
More likely to be over-indebted	15%	17%
Less likely to have no unsecured debt (including SLC loan)	56%	45%
More likely to have no unsecured debt (excluding SLC loan)	62%	68%
Less likely to be revolving credit card debt	19%	9%
More likely to be overdrawn in the last 12 months	25%	29%
More likely to be currently overdrawn	9%	10%
Less likely to have a personal loan	12%	5%
Less likely to have motor finance	10%	7%
More likely to have a payday loan	1%	2%
More likely to have an SLC loan	11%	36%
More likely to have loans from friends or family	7%	12%
Mean unsecured debt (excluding SLC loan) is lower	£3,320	£1,460
Mean unsecured debt (including SLC loan) is higher	£4,960	£8,750
Currently less overdrawn than the UK average	£110	£70

Emerging gender differences in how men and women are using credit

Overall, women aged 18-24 years old are far more likely to use credit than men of the same age. Half (48%) of women aged 18-24 have used some form of credit or loan in the last 12 months, compared with 37% of men.[23]

The Financial Lives Survey 2017 also suggests that women and men use credit in slightly different ways. Young women are almost twice as likely as men to hold a store card (12% of women, compared with 5% of men). Women aged 18-24 with an active credit card are more likely to revolve their balance than men; over six in ten (62%) men pay off their credit card outstanding balance every month, compared with just half (50%) of women.

Although broadly similar proportions of 18-24 year old men and women have been overdrawn in the last 12 months (31% of women, compared with 27% of men), the way they are using overdraft facilities is different. A third (33%) of men using an overdraft in the last 12 months exceeded their agreed limit some or all of the time – which is the highest of any age group – compared with just one seventh (15%) of women. However, women are most likely to have been unauthorised from the start as no agreed limit was set (15% of women, compared with 9% of men).

23 Excluding SLC loans, loans from friends or family or loans from unregistered money lenders, and those who hold running-account credit products (credit and store cards, catalogue credit), but who pay the full statement balance every or most months.

Around one in ten 18-24 year olds are already in difficulty
Types and levels of debt are just one side of the story. Perhaps of more importance is whether or not an individual can meet their day-to-day living expenses and service their debt. Just over one in ten (11%) 18-24 year olds have missed some domestic bills or credit payments in three or more of the last six months, and are defined as being in difficulty. This is higher than the UK average of 8%.

"What's worse is that once you have taken money once…you can then borrow more and more." Financial Lives Survey 2017 respondent, aged 18-24

Looking in some detail at those aged 18-24 who are in difficulty, and comparing their characteristics with those who are surviving or are financially resilient, we find:

- seven in ten (70%) of those in difficulty have no children, but they are much more likely to have children than those who are surviving (88% have no children) or financially resilient (93% have no children)
- students account for just one seventh (15%) of those in difficulty, compared with three tenths (31%) of those who are surviving and one fifth (21%) of the financially resilient
- nearly six in ten (57%) of those in difficulty are employed, compared with over half (54%) of those who are surviving and seven tenths (69%) of the financially resilient
- two thirds of those in difficulty are renting (66%), compared with three fifths (61%) of those surviving and one third (34%) of the financially resilient
- almost half (47%) of financially resilient 18-24 year olds are living rent free, compared with a quarter (26%) of those surviving and around one in five (22%) of those in difficulty. This suggests that staying in the parental home can have important financial benefits in terms of lower costs and the increased opportunity to build up savings
- very few in all three groups have no qualifications (4% or below), but those with high-level qualifications are not immune from financial difficulty. A quarter (26%) of those in difficulty have a higher education qualification (e.g. postgraduate qualification, degree, diploma) compared with a quarter (24%) of those surviving and one third (34%) of the financially resilient
- around three in ten (28%) of those in difficulty have a physical or mental health condition or illness lasting or expected to last for 12 months or more. This compares with one in seven (14%) of those surviving and less than one tenth (8%) of the financially resilient

Around one in ten 18-24 year olds are in difficulty

Abdul, age 18-24

Recently completed a Masters degree, which he did part time while working full-time due to financial constraints. He has recently left this job hoping to find a graduate opportunity. He lives in a house share.

- **Household income:** £20,000 - £29,999
- **Housing:** renting
- **Unsecured debt:** £58,500
- **Unsecured debt (excluding SLC loan):** £21,000
- **Savings:** £0
- **Investments:** £0
- **Over-indebted:** yes
- **Shows characteristics of potential vulnerability:** yes
- **Financial resilience:** in difficulty
- **Private pension:** no
- **Employment status:** employed full-time

Abdul on his debts

Abdul has a loan with the Student Loan Company for over £30,000. He is not too concerned about the size of this loan, as he has not started making repayments as he is not earning above the minimum income threshold. However, Abdul is frustrated at the amount of interest he has been charged on the loan, as he thought it would be lower.

At university he took out a credit card (increasing his limit a few times), and also used his overdraft (exceeding the agreed limit) and borrowed from family. He is now employed, but he began to struggle to pay his debts when he was between jobs and missed paying the minimum payments on his credit cards. His credit card provider has set up a direct debit to make sure he does not miss further minimum payments, which he is pleased with. He does not know how he will pay off this debt or his overdraft in the longer term.

"I was late on my rent so I had to borrow money from my brother and that's when I started spending more money on my credit card just to get me through those few months [without a job]."

"And that just kind of, not spiralled out of control but it got too much to pay off obviously and then they kept on increasing the limit."

"I view it differently than when I was 18 just because I know the difficulties that can come with borrowing and the pressures it can add when you know that you can't make the repayments. So I'm much more reserved about [it]... if I was to take out another loan... I'd have to know that I would be able to make those repayments so it's made me a bit more savvy."

While studying Abdul acquired debt on his credit cards and through using an unauthorised overdraft. He does not know how he will pay back his debts, but feels he has learned a lesson and will be more cautious in the future when taking out and using credit.

18-24 year olds have not had much time to build up savings; those who have done so are commonly saving for big ticket items using cash-based products

Cash saving levels are low and provide little protection against an unexpected life event. One in five (20%) 18-24 year olds have no savings whatsoever, either in a savings product or in their current account, e-money account or Post Office card account, 37% have savings of £1-£999, and a further 11% have savings of £1,000-£1,999. Savings are mostly for big ticket items such as a house, holiday or car.

Looking now at product holding, just half (55%) of all 18-24 year olds have some form of savings product. The most popular is a savings account with a bank or building society or with NS&I (44%). This is much lower than their older counterparts. For example, three quarters (75%) of 45-54 year olds have at least one savings product and 65% have a savings account.

Only one in five (23%) 18-24 year olds have a cash ISA, compared with 37% of all UK adults. As a result, 18-24 year olds account for fewer than one in ten (7%) of all cash ISA holders. This is perhaps unsurprising given that two fifths (41%) of 18-24 year olds pay no tax and very few (3%) pay tax at a higher or additional rate tax.

Likewise, relatively few 18-24 year olds have premium bonds (6%), a NS&I bond (3%) or a credit union savings account (1%).

Affordability is a key barrier to saving for this age group. One in five (21%) 18-24 year olds say that they do not have a savings account or cash ISA because they cannot afford to save, or do not have any savings. This is by far the highest rate of any age group. Very few (3%) 18-24 year olds do not have a savings product because they are not interested in saving at the moment, and a similar proportion (4%) have simply not thought about saving. One in ten (7%) say they have no savings products because they use their main current account for saving.

Just 6%, or 0.4 million, 18-24 year olds hold any investment products. As a result, 18-24 year olds account for just 2% of the 14.6 million UK investors.

The mean amount invested for 18-24 year olds, including those with no investments,[24] is less than £1,000, compared with £11,000 for all UK adults. The mean amount invested among those with investments is £14,000, compared with £48,000 for all UK investors.

There are encouraging signs that auto-enrolment is increasing pension take-up rates in this age group

Seventy per cent of 18-24 year olds have no private pension scheme. The three in ten (30%) that do are reliant on their employer for their pension provision. The vast majority (97%) who are currently contributing to one or more pensions said that this has been organised by their employer.

The Financial Lives Survey 2017 is giving early indications that auto-enrolment is starting to make an impact on private pension provision. A quarter (25%) of this age group have a DC scheme, although overall DC pot sizes are currently very small. Three in five (60%) 18-24 year olds with a DC pension say they have less than £5,000 in their pot, less than 1% have more than £50,000, while 31% do not know.

24 See **Glossary of terms** for 'investments.'

Despite the closure of many DB schemes in the UK, one in twenty (5%) 18-24 year olds currently say they have a DB pension. This is unlikely to be the case and potentially reflects the low levels of knowledge we see among this group.

"Me and all my friends know nothing about our pensions, and we have never been taught about it. We just kind of started work and have only been told about it now." Financial Lives Survey 2017 respondent, aged 18-24

Digital natives are not always digital first when it comes to managing their financial lives

18-24 year olds have spent their lives surrounded by and using computers, videogames, mobile phones, and all the other toys and tools of the digital age. It is therefore not surprising that nine in ten (90%) of them say that they use the internet at least once a day, and seven in ten (71%) of users rate their skills as excellent.

That said, when it comes to managing their financial lives, this group is often, but not necessarily always, digital first. Take, for example, their basic banking interactions. Here, a quarter (26%) of 18-24 year olds with a day-to-day account who have checked the balance of this account in the last 12 months have been into a branch to do this face to face. Similarly, one in seven (14%) of 18-24 year olds with a day-to-day account who have paid a bill in the last 12 months have been into a branch to do this over the counter. Seven in ten (71%) who have deposited cash or a cheque in the last 12 months did this over the counter, compared with one in six (18%) who did this via an ATM. Of course, branch is not the only channel that they have used, but these statistics illustrate that digital is not necessarily always their preferred route.

Despite heavy targeting of automated advice, only just over one third (36%) of those aged 18-24 would currently be happy to get advice online, compared with 29% of all UK adults. Overall, men are slightly more open to this channel than women (32% versus 26%).

3 25-34 year olds

Summary

Many adults in their mid-twenties to mid-thirties are starting to make important life choices such as forming long-term relationships, getting married or registering in a civil partnership, and having children. Some are also taking their first-steps on the property ladder (38% have a residential mortgage compared with 13% of 18-24 year olds).

As a result, their financial needs start to become more complex, as protection for their assets and loved ones become an emerging priority. For those buying their home with a mortgage, related products such as home insurance, life and critical illness cover are increasingly part of their product portfolios (76% of 25-34 year old residential mortgage holders hold home insurance, 51% life insurance, and 27% critical illness cover).

As 25-34 year olds settle into employment and forge careers, they are also starting to benefit from associated workplace benefits. There are signs that auto-enrolment into workplace pensions is having a successful impact on this age group, although pot sizes remain small.

However, they are facing large debt levels at an early age – with high SLC loan debt as well as debt on other credit products, particularly personal loans, overdrafts, credit cards, retail finance,[25] and motor finance.

Such high debt levels are taking their toll; this is the age group most likely to be in financial difficulty (13%) and the most likely to be over-indebted (23%) in comparison to all other age groups.

The difficulties of housing affordability for young people and the rise in the average age of first-time buyers have led to the emergence of a generation of renters. Almost half (48%) of 25-34 year olds are renting. Without the trigger of home ownership, and with lower than UK average income levels, financial product holdings are typically lower among 25-34-year-old renters. For example, only 19% of 25-34 year old renters have home contents insurance and nine in ten (88%) have no form of protection cover.

Financial confidence and knowledge is slightly higher among this age group in comparison to 18-24 year olds. However, trust in financial firms remains low, and the struggles of 25-34 year olds in terms of housing affordability, high debt levels and low savings are potentially the reasons why over half (55%) feel dissatisfied with their financial circumstances.

25 See **Glossary of terms** for 'retail finance.'

Financial life story

25-34 year olds are experiencing a period of significant change in their personal lives

Most 25-34 year olds have finished their full-time education and are now in work. This age group has one of the highest levels of employment among the adult population, with five in six (83%) in work. Self-employment is quite rare in this age group, with most 25-34 year olds in work being employed rather than self-employed (93% and 7%, respectively).

Unemployment (those who say they are unemployed and looking for work) is around half the rate experienced by 18-24 year olds (4% compared with 8%, respectively), while around one in twenty (5%) are not working because they are looking after the home. Compared with older adults, relatively few 25-34 year olds are permanently sick or disabled (just over 1%).

Despite the high proportion in work, average incomes are lower than for older adults, reflecting how 25-34 year olds are still in the early stages of their careers. For example, the mean annual personal income for 25-34 year olds is £34,000, compared with £39,000 for 35-44 year olds and £38,000 for 45-54 year olds. While a similar proportion of 25-34 year olds are on low incomes compared with older adults of working age (for example, 23% have a personal income of less than £15,000, compared to 26% of 35-54 year olds), a much smaller proportion have incomes of £50,000 or more (15% compared with 21% for 35-54 year olds). One in seven (14%) say they pay income tax at a higher or additional rate, compared with 22% of 35-54 year olds.

25-34 year olds are starting to form households of their own. Long-term relationships are developing and a higher proportion of 25-34 year olds are co-habiting than at any other age (59%, compared with 43% of all UK adults or 22% for 18-24 year olds). Many have got married or had a baby in the last 12 months (9% and 14%, respectively, compared with 3% and 4% for all UK adults).

Despite a significant increase in home ownership compared with 18-24 year olds, far fewer 25-34 year olds own, with a mortgage or outright, the property they currently live in compared with older adults (42% for 25-34 year olds, 72% for 35-54 year olds and 78% for those 55 and over). Half (48%) are in rented accommodation. Of those 25-34 year olds who have a residential mortgage, most (77%) are first-time buyers.

Perhaps due to the high proportion of renters, house moves are relatively frequent. One in five (20%) 25-34 year olds have moved house in the last 12 months, compared with one in ten (9%) of all UK adults.

Table 3.1 shows selected demographic information for 25-34 year olds in comparison with all UK adults.

Table 3.1 Demographics of 25-34 year olds compared with all UK adults

	Compared with all UK adults	All UK Adults	25-34 year olds
	More likely to be working	62%	83%
	Less likely to pay no income tax	24%	16%
	More likely to pay basic rate income tax	62%	70%
	Paying higher/additional rate income tax in line with all UK adults	14%	14%
	More likely to have an annual household income of £50,000 or more	31%	35%
	Less likely to have an annual household income of less than £15,000	20%	13%
	No more or less likely to have an annual personal income of £50,000 or more	15%	15% (vs 20% of 35-44s)
	Less likely to have an annual personal income of less than £15,000	33%	23%
	More likely to have moved house in the last 12 months	9%	20%
	More likely to be renting	29%	48%
	More likely to have a residential mortgage	33%	38% (vs 13% of 18-24s)
	More likely to be in a couple	63%	68% (vs 24% of 18-24s)
	More likely to be co-habiting	43%	59%
	Less likely to be married or in a registered civil partnership	51%	41% (vs 4% of 18-24s)
	Most likely to have got married or registered a civil partnership in the last 12 months	3%	9%
	More likely to have financially dependent children	29%	41% (vs. 12% of 18-24 year olds and 66% of 35-44 year olds)
	More likely to have had a baby in the last 12 months	4%	14%

Who is generation rent?

Just under half (48%) of all 25-34 year olds are renting, and a further one in ten (10%) are living rent free, most probably with a relative or friend.

The difficulties of housing affordability for young people and the rise in the average age of first-time buyers have led to the term 'generation rent' frequently being used to describe younger generations of adults. Many will get on to the property ladder far later than their parents did and, for some, home ownership may never be a realistic option.

25-34 year old renters are less likely than 25-34 year old residential mortgage holders to be in a couple, married or in a registered civil partnership, or to have financially dependent children.

However, in contrast to the over half (56%) of 18-24-year-old renters who are living in multiple occupancy households (i.e. with three or more adults), only around one in five (22%) 25-34 year old renters lives in this way.

As a whole, 25-34 year old renters are better off than renters in the population in general. Employment levels, average personal and household income are all higher. For example, of all 25-34 year old renters, seven in ten (71%) are employed, while of all renters of any age, over half (53%) are employed. As another example, one third (31%) of 25-34 year old renters are financially resilient, compared with 14% of all renters.

However, in addition to the more prosperous 25-34 year old renters, there are those who are struggling financially. Of all 25-34 year old renters, one in five (20%) have a household income of less than £15,000 a year, and a similar proportion (23%) are in difficulty financially. For more than two fifths (44%) of 25-34 year old renters, their financial position is one of survival.

As we discuss later, without the trigger of home buying and with lower average income levels in comparison to mortgage holders, financial product holdings are typically lower among 25-34 year old renters.

Table 3.2 shows selected demographics and characteristics of 25-34 year old renters in comparison with 25-34 year old residential mortgage holders (and all UK adults who rent).

Table 3.2 Demographics and characteristics of 25-34 year old renters compared with 25-34 year old residential mortgage holders (and all UK adults who rent)

	Compared with 25-34 year old residential mortgage holders	All UK adult renters	25-34 year old renters	25-34 year old residential mortgage holders
	Renters are less likely to be in a couple	49%	63%	84%
	Renters are less likely to be married or in a registered civil partnership	30%	32%	57%
	Renters are less likely to have financially dependent children	29%	43%	48%
	Renters are less likely to have higher educational qualifications (higher/postgraduate qualifications/first degree/diploma)	33%	49%	56%
	Renters are less likely to be working	60%	76%	93%

Compared with 25-34 year old residential mortgage holders	All UK adult renters	25-34 year old renters	25-34 year old residential mortgage holders
Renters are more likely to pay no income tax	36%	22%	8%
Renters are less likely to pay basic rate income tax	57%	68%	72%
Renters are less likely to pay higher/additional rate income tax	7%	10%	20%
Renters are more likely to have an annual household income of less than £15,000	34%	20%	4%
Renters are less likely to have an annual household income of £50,000 or more	14%	22%	50%
Renters are more likely to demonstrate characteristics of potential vulnerability	66%	62%	31%
Renters are more likely to be over-indebted	29%	35%	11%
Renters are more likely to be in difficulty	19%	23%	4%
Renters are more likely to be surviving	49%	44%	29%
Renters are less likely to be financially resilient	32%	33%	67%

Changing personal circumstances are creating greater financial needs

The changes in the personal lives of 25-34 year olds mean that their financial needs are gradually becoming more complex. Most have a current account (96%), and well over two thirds (68%) have one or more dedicated savings products, a significant increase compared with 18-24 year olds (55%), but still lower than the UK average (72%).

Over three quarters (77%) hold one or more insurance products, most commonly motor insurance (55%) or travel insurance (25% for single-trip and 16% for multi-trip). Over one third (36%) have a residential mortgage (compared with just 6% of 18-24 year olds and 31% of all UK adults)[26] and four fifths (78%) have one or more consumer credit products (compared with 53% of 18-24 year olds, and 75% of all UK adults).[27]

The need for financial protection of their assets and for their loved ones starts to become a priority for some 25-34 year olds, with three tenths (29%) now holding at least one protection product (compared with 9% of 18-24 year olds and 35% of all UK adults).

Findings suggest that buying a home may be the most significant trigger for holding many products, particularly general insurance and protection. Over one third (36%) of 25-34 year olds have a residential mortgage; home buildings insurance is held by three quarters (76%) of 25-34 year old mortgage borrowers (compared with 35% of all 25-34 year olds). Similarly, around four in five (76%) 25-34 year old mortgage borrowers hold home contents insurance, 51% hold life cover and 27% hold critical illness cover (compared with 43%, 25% and 12% of all 25-34 year olds, respectively).

26 Here and in Figure 3.1 we report mortgage ownership on the basis of survey question P_M1. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

27 See **Glossary of terms** for 'consumer credit.'

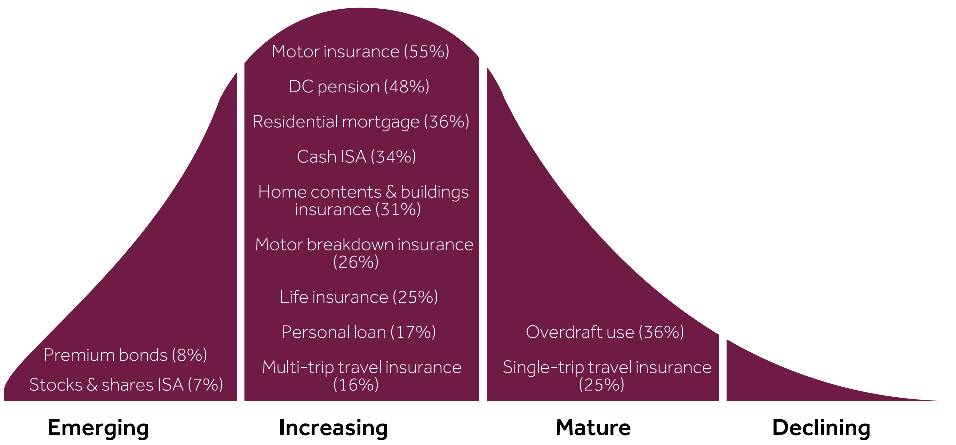
Getting married and having children is also a potential driver of product take-up. Product ownership is typically higher amongst married 25-34 year olds with children, compared with those who are not married or have no children. This is particularly true for mortgages, general insurance and protection. For example, over two in five (43%) of those 25-34 year olds in a couple with children have at least one protection policy, compared with 37% of those in a couple with no children, and 22% of those who are single with no children. This reflects the desire for stability and to protect assets and family.

Figure 3.1 shows ownership levels for relevant products for the 25-34s, assigning these into three categories:

- emerging: low levels of ownership – higher than those of the 18-24s but some way from the levels of older adults
- increasing: higher levels of ownership than the 18-24s, but still not as high as older adults
- mature: this age group shows the highest levels, or very close to the highest level, of ownership in comparison with any age group

Product ownership levels are typically on the increase for this age group, and it is of concern that they are 'mature' in their heavier reliance on overdrafts than other age groups.

Figure 3.1 Maturity of product ownership for 25-34 year olds



25-34 year olds are at risk of under-insurance for some products lines, especially renters

As outlined above, 25-34 year olds' assets and family commitments are increasing, so is their need for insurance and protection products. However, there is a stark contrast in product ownership among this age group.

While the vast majority (93%) of those with a residential mortgage have at least one general insurance product, this falls to two thirds (67%) of those who are renting. With the exception of single-trip travel and mobile phone insurance, product holdings are significantly lower across all the major general insurance product lines among renters in comparison to mortgage holders.

Perhaps of most concern for generation rent is that only one in five (19%) renters have home contents insurance, compared with all UK renters (22%), in spite of their relatively higher income levels.

A protection gap is emerging among 25-34 year olds
While the percentage of 25-34 year olds with protection insurance has increased compared with the youngest age group, over seven in ten (71%) 25-34 year olds have no protection product of any kind, compared with two thirds (65%) of the population as a whole.

These levels of under-protection are even higher among those renting. Around nine in ten (88%) 25-34 year old renters have no form of protection cover (compared to 81% of all renters in the population). Given that 43% of 25-34 year olds renting have financially dependent children, and that 63% are living in a couple (compared with 31% and 49%, respectively, of all UK renters), this means that a relatively high proportion of 25-34 year old renters are potentially leaving their families financially exposed. This may be a concern as rental payments for family homes are often a significant financial outlay.

While rising income may close this protection gap over time, it is by no means certain that affordability is the key issue at play here. Over half (53%) of those aged 25-34 with an annual household income of £50,000 or more have no protection whatsoever, in comparison with under half (46%) of all UK adults with this level of income. This suggests that the importance and value of protection may need reinforcing among those that can afford it and need to protect themselves and their families.

SLC loans are a prominent feature of the financial lives of 25-34 year olds
Three tenths (30%) of 25-34 year olds have an SLC loan, rising to over half (55%) of those 25-34 year olds who have a degree or postgraduate qualification. In comparison, over one third (36%) of 18-24 year olds have an SLC loan, rising to seven tenths (70%) of those 18-24 year olds who already have a degree or postgraduate qualification.

With the tuition fee cap introduced for the 2012-13 academic year, many 25-34 year olds do not have the higher costs of 18-24 year olds, and the majority of their higher education would have occurred with lower annual tuition fees. That said, while average SLC debts are significantly lower in this age group than among 18-24 year olds, they still stand at a mean of £15,430 for every 25-34 year old that holds one. The same figure for 18-24 year olds is over £22,580.

It does not appear that SLC loans are a key driver for whether people of this age can get on the housing ladder. 25-34 year old owner-occupiers are marginally more likely to have an SLC loan than renters, but, on average, have a slightly lower amount of SLC loan outstanding (£12,590 for 25-34 year olds buying with a mortgage who have an SLC loan, compared with £17,730 for 25-34 year olds who are renting and have an SLC loan).

25-34 year olds are big users of consumer credit, especially those with young families

25-34 year olds have above average holdings of credit or loan products. Despite making up only 18% of all UK adults, 25-34 year olds account for around one quarter of all UK adults who hold a personal loan (24%), revolve a credit card balance (25%) and hold a motor finance agreement (23%). They also account for 22% of those borrowing using any retail finance product, which includes borrowing on store cards, catalogue credit or other retail credit.

They are the most likely age group to not pay off their running-account credit balances every month or most months,[28] suggesting that many are struggling with their debt commitments. For example:

- of those 25-34 year olds who hold a credit card, over two fifths (44%) revolve a balance compared with 30% of all credit cardholders
- over a third (35%) of 25-34 year olds who hold a store card revolves a balance, compared with 22% of all store cardholders
- two thirds (67%) of 25-34 year olds who hold a catalogue credit account revolve a balance, compared with 61% of all catalogue credit customers

25-34 year old women are far more likely to borrow on these products than 25-34 year old men. Women account for 55% of 25-34 year old credit card revolvers,[29] 79% of store card revolvers, and 77% of catalogue credit revolvers.

Four in ten (41%) 25-34 year old credit card holders have seen an increase in their credit limit in the last 12 months, considerably higher than the national average of 30%. However, one in ten (7%) of those 25-34 year olds who have had their limit increased in the last 12 months are in difficulty financially. This equates to under 2% of all 25-34 year olds, or around 150,000 people. A further 36% of 25-34 credit card holders who have had their credit limit increased are just about surviving financially, equating to 9% of all 25-34 year olds, or over 800,000 people.

In addition to these products, one in ten (9%) 25-34 year olds have held at least one high-cost loan product at some point in the last 12 months. 25-34 year olds are the most likely age group to use payday loans (3%) or short-term instalment loans (2%), making up three in eight (37%) and three in ten (29%) respectively, of all UK adults who have had these forms of lending in the last year.

28 See **Glossary of terms** for 'running-account credit.'
29 See **Glossary of terms** for 'revolver.'

25-34 year olds are big users of consumer credit, especially those with young families

Angela, age 25-34

Angela and her partner work full-time and have four young children. Angela is on a tight income and tries to spend only what she has left after paying her bills each month.

Household income: £20,000 - £29,999
Housing: comes with her job
Unsecured debt: £6,000
Savings: under £1,000
Investments: under £1,000
Over-indebted: no
Shows characteristics of potential vulnerability: yes
Financial resilience: surviving
Private pension: no
Employment status: employed full-time

Angela on managing her money and credit

Angela manages her money very carefully. She saves up for the things she needs. For her children's birthdays and Christmas she buys presents throughout the year, in order to spread the cost. She checks her account balance online regularly to make sure she is keeping within her budget.

"I know I could take out a bank loan or something like that if I wanted to, but I'd rather just avoid it, and if I really wanted something that bad I'd work for it and wait until I get there myself rather than borrow and get myself in debt."

Angela avoids using credit wherever possible, but has had to do so in order to cover emergencies, such as repairing the family car and travel costs to visit a family member in hospital. When taking out credit, Angela is careful to make sure interest payments are low, or 0%. She currently holds a personal loan, credit card and store card, and has borrowed from friends and family. Whilst Angela is keeping up with her bills and credit repayments, there have been times when this has been difficult. She currently holds £6,000 in unsecured debts.

"That's when we struggled a lot, because I remember only having like £3 in my bank account for a little while and getting a credit card for that reason. But we're back on track and everything's ok now, and I took out a 0% card so that I wouldn't... get a payday loan or something like that or have massive interest to pay off as well."

Angela has a large young family and has to manage her finances closely. She is currently 'surviving' but an unforeseen major expense could lead her to be 'in difficulty.'

Around one in ten use an unauthorised overdraft

25-34 year olds are far more likely than the average UK adult to have been overdrawn at some point in the last 12 months: one third (36%) of 25-34 year olds compared with one quarter (25%) of all UK adults. As a result, they make up one quarter of all adults who have been overdrawn in the past 12 months. Furthermore, one in eight (13%) 25-34 year olds are currently overdrawn, compared to less than one in ten (9%) of all UK adults.

Almost one in ten (9%) of all those 25-34 year olds who are currently overdrawn or have been overdrawn in the last 12 months say that their overdraft was unauthorised from the start as no limit was agreed. A further one in five (21%) have exceeded their agreed overdraft limit some or all of the time in the last 12 months, and are therefore likely to incur higher charges for using their overdraft facility.

In total therefore, either by exceeding an agreed limit or by not agreeing an overdraft limit at all, three in ten (30%) 25-34 year olds who have been overdrawn in the last 12 months used an unauthorised overdraft. Among this group, above-average use of an unauthorised overdraft is demonstrated by:

- renters: 42%
- single parents: 41%
- low income households: 55%
- those lacking in confidence managing their money: 49%
- those who are over-indebted: 58%
- those who have a physical or mental health condition expected to last 12 months or longer: 42%

In total one in ten (11%) of all 25-34 year olds are unauthorised overdraft users, equating to almost 1 million adults.

25-34 year olds have the most unsecured debt of any age group and many are struggling

While 25-34 year olds' income levels are above average, half (51%) of this age group have unsecured debt (excluding SLC loans), up from around one in three (32%) 18-24 year olds.

The mean levels of unsecured debt for 25-34 year olds are high and almost three times that of 18-24 year olds (£4,200 compared with £1,460 respectively). Once SLC debt is included, average debt levels for 25-34 year olds jumps to £8,250, broadly similar to 18-24 year olds (£8,750), but far higher than 35-54 year olds (£5,450).

Their fledgling earnings, low savings, and high average debt levels mean that levels of financial resilience are significantly lower among 25-34 year olds than they are in the population as a whole. Just 51% of 25-34 year olds are financially resilient, compared with 65% of all UK adults. A higher proportion of 25-34 year olds are in difficulty financially than any other age group (13%, compared with 8% of all UK adults), or just about surviving (35%, compared with 27% of all UK adults).

Over four fifths (82%) of those adults aged 25-34 who are in difficulty are renting and those 25-34 year olds living in a couple are slightly less likely to be in difficulty financially than those who are single (11% compared with 18%, respectively). Over half (57%) of all 25-34 year olds who are in difficulty have financially dependent children (compared with 38% 25-34 year olds who are not in difficulty).

Table 3.3 shows levels of debt and characteristics of 25-34 year olds compared with all UK adults.

Table 3.3 Levels of debt and characteristics of 25-34 year olds compared with all UK adults

Compared with all UK adults	All UK Adults	25-34 year olds
More likely to have an SLC loan	11%	30%
Mean level of SLC loan debt is higher	£1,580	£3,840
More likely to have unsecured debt (excluding SLC loans)	38%	51%
Mean level of unsecured debt (excluding SLC loans) is higher	£3,320	£4,200
More likely to owe £10,000 or more in unsecured debt (excluding SLC loans)	8%	11%
Less likely to demonstrate characteristics of potential vulnerability	50%	47%
More likely to be over-indebted	15%	23%
More likely to be in difficulty	8%	13%
More likely to be surviving	27%	35%
Less likely to be financially resilient	65%	51%

Satisfaction with their own financial circumstances is low

Satisfaction among 25-34 year olds with their overall financial circumstances is among the lowest of any age group. Just one in ten (13%) 25-34 year olds are highly satisfied with their financial circumstances, compared with one fifth (21%) of all UK adults. Over half (55%) have low satisfaction, compared with 42% of the population as a whole.

Higher levels of debt and the above average number that are in difficulty financially are undoubtedly driving dissatisfaction levels among this age group. Those renting (68%), those with a household income of less than £15,000 (80%), and those with no (81%) or £1-£1,000 in investable assets (68%) are also far more likely to report low satisfaction with their circumstances than the 25-34 group as a whole.

Savings are still small and are likely to be for both long-term and immediate needs

Most 25-34 year olds have relatively little in the way of savings, and what savings they do have are predominately in cash rather than equity-based investments.

Seven in ten (68%) 25-34 year olds have some form of savings product. The most popular savings products for this age group are savings accounts with a bank or building society or with NS&I (58%) and cash ISAs (34%). That said, a far smaller proportion of 25-34 year olds hold these two products compared with their older counterparts; for example, 77% of adults aged 55 and over have some form of savings product, 63% have a savings account and 45% have a cash ISA.

Of those adults aged 25-34 with any type of savings vehicle,[30] over four in five (83%) have added to their savings over the past year and over half (55%) usually save every month. Overall, this means that three fifths (59%) of all adults aged 25-34 (i.e. including those with no savings account) are currently saving, and two fifths (39%) usually save every month.

When asked about their reasons for saving, most 25-34 year old savers say that they are saving for a major expense. For example, over four in ten (50%) are saving to cover the costs of an expense, such as a deposit for a house or to pay for a wedding, while a similar proportion (49%) are saving to cover short-term expenses, such as a holiday. Relatively few 25-34 year olds savers are saving for longer-term objectives, such as to provide an income for retirement (16%, compared with 35% of all UK savers).

With limited time to build up, cash saving levels for 25-34 year olds are relatively low; one in five (19%) 25-34 year olds have no cash savings whatsoever, and a further 30% have cash savings of less than £1,000. The mean amount of cash savings held by 25-34 year olds (including those with no cash savings) is £11,000, compared with £25,000 for the average UK adult.

The majority (85%) of 25-34 year olds have no investments whatsoever. As a result, the mean investment amount held by 25-34 year olds (including those with no investments) is just £2,000. This is much lower than the average for all UK adults (£11,000). In terms of investment products held, just 8% of 25-34 year olds say they have direct holdings of shares/equities and just 7% have a stocks and shares ISA.

Workplace benefits are driving pension take-up

As 25-34 year olds increasingly settle into employment and forge careers, they are also starting to benefit from associated workplace benefits. There are signs that auto-enrolment into workplace pensions is having a successful impact. Almost half (48%) of 25-34 year olds now hold a DC pension, while one in seven (14%) say they have a DB pension.

The vast majority (97%) of pension holders currently making contributions arranged these pensions through an employer. Pension pot sizes are small. Half (51%) state they have a pension pot of under £10,000.

DC pension take-up is cutting across the spectrum of 25-34 year olds. For example, DC pension ownership has reached over two in five (42%) amongst renters, over half (59%) amongst those earning £15,000 or more, and over two in five (43%) amongst those who are surviving financially.

DC pension ownership levels are only significantly below overall take up for 25-34 year olds for those earning £15,000 or less (29%), which is understandable given that those earning less than £10,000 would not necessarily qualify for auto-enrolment.

30 Includes those with a savings account, credit union savings account, cash ISA, NS&I bond, or those who don't have a dedicated savings product but use their current account, e-money account or Post Office card account for savings.

Financial confidence is growing and is reflected in greater use of technology

As 25-34 year olds gradually gain more experience with financial products, their confidence in managing their money and knowledge of financial matters is increasing, and is now broadly in line with the UK population as a whole. For example, one in seven (15%) say they are highly knowledgeable about financial matters, compared with one in six (16%) of all UK adults. One in three (33%) say they feel highly confident managing their money, compared with a similar proportion (37%) of all UK adults. These results are significantly more positive than those for 18-24 year olds, where just one in ten (9%) say they are highly knowledgeable and just one in five (21%) feel highly confident.

Among 25-34 year olds, this increased confidence is being reflected in less need for human interaction or reassurance, and greater use of technology, in their financial interactions:

- they are the least likely of any age group to have conducted banking activities face to face in a branch in the last 12 months (49%, compared with 61% of all UK adults and 55% of 18-24 year olds)
- they are the most likely to have conducted banking activities online in the last 12 months (87% compared with 72% for the UK adult population as a whole), and are big users of mobile banking apps (68%, compared with 40% of all UK adults)
- they are far less reliant than 18-24 year olds on recommendations from family members, friends or colleagues when choosing providers for some of their major product holdings. For example, one third (32%) of 25-34 year olds with a day-to-day account relied on a recommendation from a family member, friend or colleague when opening their day-to-day account in the last three years, compared with half (51%) of 18-24 year olds
- their confidence in using price comparison websites and best buy tables is increasing. Four fifths (78%) say they arranged their motor insurance through a price comparison website, compared with six in ten (60%) of the population as a whole
- they are the age group most likely to feel comfortable getting financial advice online. Two in five (39%) agree that they would be happy to get financial advice online and would not need to talk to someone, compared with three in ten (29%) of the population as a whole

Yet trust in financial services firms remains relatively low

In spite of growing confidence, trust in the financial services industry remains low, and below that of the population as a whole. Only a quarter (24%) agree that most financial firms are honest and transparent in the way they treat them, compared with three in ten (31%) of all UK adults. More 25-34 year olds actively disagree that financial firms are honest and transparent than any other age group (44%, compared with 34% of all UK adults).

25-34 year olds are also more likely than any age group to say they have been declined a financial product in the last two years. Fourteen per cent say they have been declined one or more products in this period, compared with 8% of the UK adult population. They are most likely to have been declined consumer credit. One in ten (10%) say they have been declined a credit card, 6% a personal loan and 4% a store card.

In addition, in the last two years just under one in ten (8%) say they were offered a financial product or service at a price, or with terms and conditions, that they felt to be 'completely unreasonable' (compared with 6% of the population as a whole). The majority of issues were with credit cards, personal loans and motor insurance, with price the over-riding problem. While potentially justified, these experiences may have done little to improve the sense of transparency and trust among 25-34 year olds.

4 35-44 year olds

Summary

35-44 year olds are further increasing the products they hold and now have some of the highest levels of product ownership in comparison to other age groups. They are big holders of insurance products (85% hold at least one insurance product and 46% hold at least one protection policy included in the Financial Lives Survey 2017). Their relatively higher income, home ownership and dependants mean that protecting their assets and their family are both a financial priority and a possibility for many.

Take up rates of health-related products, which are sometimes viewed by consumers as a luxury, are also increasing. For example, one in five (20%) of this age group hold critical illness insurance and a similar number have private medical insurance (PMI) (17%).

Although this group is building experience in a wide range of financial products, they still lack confidence in managing money and satisfaction with their own financial situation is also low (25% are not confident managing their money and 52% are dissatisfied with their financial situation).

35-44 year olds have achieved higher than average household incomes (mean average of £56,000 compared with £46,000 for all UK adults). The majority (74%) are employed, which means that not only are they better able to afford financial products, but they may also benefit from provision through workplace schemes.

However, although they are seeing an improvement in their earnings potential, a significant number are still struggling with high debt levels and the challenges of increasing family commitments. One fifth (21%) are over-indebted and, looking at our slightly broader measure of financial resilience, one in ten (11%) are in difficulty and a further three in ten (31%) are surviving.

High debt levels may be holding back savings for this age group. Cash savings levels, while growing, are still significantly below the average for UK adults (mean of £16,000, compared with £25,000 for all UK adults). Relatively few 35-44 year olds have any investments (76% have no investments, and 5% have £20,000 or more).

A relatively high proportion of 35-44 year olds have a pension (51% have a DC pension, 24% have a DB pension), however whilst focus on and engagement with pensions is certainly higher than for 18-34 year olds, serious retirement planning remains a low priority.

Financial life story

35-44 year olds are settling down, just one in five (21%) of this group are the only adult in their household and two thirds (66%) have financially dependent children aged 17 or under

While most 35-44 year olds have gained stability in their personal lives, there are still relatively high numbers (35%) of 35-44 year olds experiencing major life changes in the last 12 months, such as getting married (4%), starting or growing a family (8%), or moving home (10%). Just one in five (21%) of this group are the only adult in their household. They, and those in this age group who are already further down this line, are likely to be focused on establishing and protecting these important areas of their personal lives as a priority.

Major life changes also bring a change in the way that this age group deals with their finances. Those that are in a relationship typically share the responsibility for making household financial decisions (64%). Very few (6%) of all 35-44 year olds say that they leave all or most decisions to their partner or spouse.

Well over four fifths (84%) of 35-44 year olds are in work, which is the highest rate of any age group. Three quarters (74%) are employed, while one tenth (10%) are self-employed, which is a significant increase compared with 25-34 year olds (6% self-employed).

Average incomes continue to grow. Two fifths (41%) have a household income of £50,000 or more, compared with one third (35%) of 25-34 year olds. One fifth (20%) have a personal income of £50,000 or more, compared with 15% of 25-34 year olds. Around one in five (22%) 35-44 year olds pays higher or additional tax. One sixth (16%) of 35-44 year olds who have lower personal incomes and do not pay any income tax.

Table 4.1 shows selected demographic information for 35-44 year olds in comparison with all UK adults and younger and older age groups.

Table 4.1 Demographics of 35-44 year olds compared with all UK adults and younger and older age groups

Compared with all UK adults	All UK adults	25-34 year olds	35-44 year olds	45-54 year olds	55+ year olds
More likely to be in a couple	63%	68%	75%	75%	63%
More likely to be married or in a registered civil partnership	51%	41%	63%	64%	59%
More likely to have got married or have registered in a civil partnership in last 12 months	3%	9%	4%	1%	0%
More likely to have financially dependent children	29%	41%	66%	44%	4%
More likely to have had a baby in the last 12 months	4%	14%	8%	0%	0%
More likely to have moved home in the last 12 months	9%	20%	10%	5%	4%
More likely to have a residential mortgage	33%	38%	59%	55%	14%
More likely to be renting	29%	48%	30%	21%	18%
More likely to be employed (full-time or part-time)	54%	77%	74%	71%	24%
More likely (than all UK adults) to be self-employed (full-time or part time)	8%	6%	10%	13%	8%
More likely to pay higher/additional rate income tax	14%	14%	22%	22%	10%
Paying basic rate income tax in line with all UK adults	62%	70%	62%	62%	60%
Less likely to pay no income tax	24%	16%	16%	16%	30%
More likely to have an annual household income of £50,000 or more	31%	35%	41%	42%	19%
Less likely to have an annual household income of less than £15,000	20%	13%	12%	13%	29%

35-44 year olds are not as satisfied with their financial lives as older groups

While 35-44 year olds may be settling down and benefitting from higher levels of income, they are markedly less satisfied with their overall financial circumstances than all UK adults, and those who are slightly older than them. Just over half (52%) have low satisfaction levels, compared with around two in five (42%) of all UK adults and over two fifths (43%) of 45-54 year olds.

Higher debt levels, family commitments and lower savings could be partly behind these reduced satisfaction levels, but there may be other drivers.

It appears that this age group may have high expectations of their financial situation. Fewer than one in ten (6%) 35-44 year olds with a household income of £15,000-£30,000, and one in ten (9%) of those with household incomes of less than £15,000 are very satisfied with their overall financial circumstances. This compares with one fifth (19%) of all adults in each of these two household income brackets. As income levels are generally higher for this age group compared with all UK adults, it is perhaps not surprising that those who are left behind may be more likely to feel dissatisfied with their overall financial circumstances (76% of those aged 35-44 on incomes under £15,000 are dissatisfied compared with 37% of those on incomes of £50,000 or more).

Of all UK adults, those with three or more financially dependent children (aged under 17), and those who are single with children, are more likely to be dissatisfied with their financial circumstances (57% and 62%, respectively). The higher incidence of such people among the 35-44 year old age group is reducing the satisfaction ratings for this group as a whole (of this age group, 12% have three or more financially dependent children and 17% are single with children).

Product ownership is relatively high

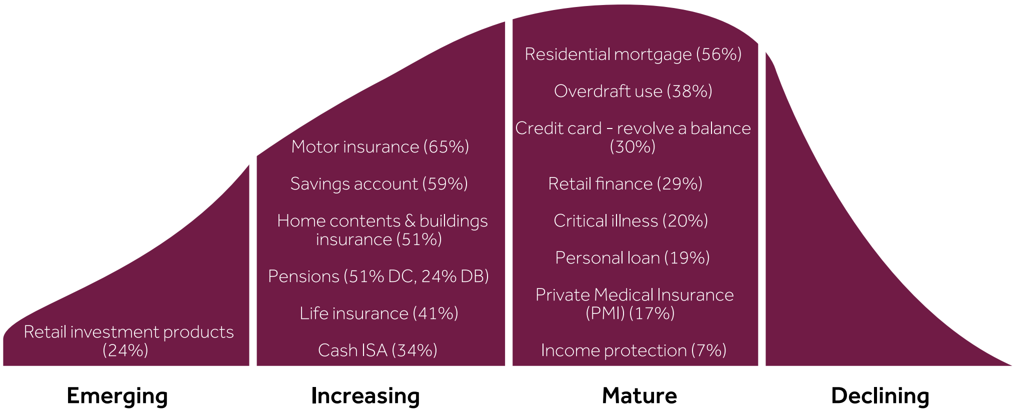
Figure 4.1 shows ownership levels for relevant products for the 35-44s, assigning these into three categories:

- emerging: low levels of ownership – higher than those of younger adults but some way from the levels of adults older than they are
- increasing: higher levels of ownership, but still not as high as older adults
- mature: this age group shows the highest levels, or very close to the highest level, of ownership in comparison with any other age group

Product ownership levels are typically at maturity or on the increase for this age group. More have a residential mortgage and a number of protection products than other age groups, while they are approaching maturity in terms of ownership of motor insurance, for example.

The 35-44s are emerging in terms of their ownership of retail investment products, higher than younger adults but still far from the greatest maturity of 44% for the 65-74s.

Figure 4.1 Maturity of product ownership for 35-44 year olds



Many 35-44 year olds' finances are dominated by mortgages, but a significant number of mortgage holders are living on the edge

Residential mortgage holdings are at their highest level of any age group.[31] Just under three fifths (56%) of 35-44 year olds have a residential mortgage on the property in which they currently live. This reflects the relatively higher levels of home ownership compared with younger generations, and also the fact that this age group is in the prime of their mortgage paying years.

However, there are signs that some mortgage holders in this age group are financially stretched. The amount of money owed on mortgages is relatively high. Half (50%) of 35-44 year olds with a mortgage owe between £100,000 and £250,000, and one in ten (10%) owes more than £250,000. The average 35-44 year old borrower has a loan to value of 55%, compared with just under 50% for all mortgage borrowers (calculated based on what consumers have told us). Around one in eight (13%) 35-44 year olds with a mortgage would struggle to manage if they experienced an increase of up to £100 in their monthly payment and 2% of these would struggle with any increase. However, more generally, we see that 35-44 year old residential mortgage holders are more able to bear such increases than those who are renting. One in eight (13%) of renters would struggle with any increase in rent, and just over half (52%) would find an increase of up to £100 per month in their rent payments very difficult to cope with.

For most 35-44 year olds, protecting their assets is a priority

35-44 year olds are amongst the highest owners of the most common general insurance products. Two in three (65%) have motor insurance, peaking at 75% for those aged 45-54, and half (51%) have home contents and buildings insurance.

"It's a high value item and I wanted it covered just in case – as we were going away the next day it was urgent." Financial Lives Survey 2017 respondent, aged 35-44

For other products, for example life insurance, penetration rates are also yet to reach their highest levels as seen in those aged 45-54, but they are certainly getting very close by this age. Even amongst the more niche insurance products (such as home emergency, pet insurance, and legal expenses insurance), penetration rates have jumped above 10%, and are considerably higher than for those aged 25-34.

31 Here and in Figure 4.1 we report mortgage ownership on the basis of survey question P_M1. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

Beyond the basic insurance products there is a potential protection gap which does not increase with age

In other areas, such as critical illness insurance, mortgage payment protection insurance (MPPI), unemployment insurance and income protection, product ownership has matured, reaching the highest levels across all age groups, suggesting that all those who are likely to buy these products have done so by this age. For example, 35-44 year olds account for a third (32%) of all these protection product holders. That said, overall penetration rates for these products are relatively low. At best, around 20% of 35-44 year olds hold these products and this does not increase with age, potentially indicating a shortfall in protection cover across all UK adults.

Furthermore, whilst over half (58%) of 35-44 year old couples with financially dependent children and around two in three (64%) of residential mortgage holders have some form of protection cover, there is a proportion of 35-44 year olds who do not indicate that they have any protection cover. Given the financial commitments that this group face, any long-term loss of income could have potentially devastating effects on family life.

The workplace is an important distribution channel for these types of products and 35-44 year olds are the most likely to receive work-related PMI and personal accident insurance. Four in five (81%) of 35-44 year olds with PMI have this insurance as part of their employee benefit package, and two in five (39%) with personal accident cover, compared with 67% and 28% of UK adults with these products, respectively.

Despite a number of years of experience with day-to-day financial products, most are no more knowledgeable or confident

We find that despite years of experience, only one in seven (15%) of 35-44 year olds rate themselves as highly knowledgeable in financial matters. This is broadly in line with all UK adults (16%) and this number does not vary much after age 25. However, there is a small improvement in the proportion saying they are moderately knowledgeable, three in eight (38%) now feel this way compared with one in three (33%) 18-34 year olds. We also find one quarter (25%) are not confident managing their money, which is not much higher than all UK adults (24%).

"My partner is incredibly good with money, whereas I used to be incredibly bad with my money. To be honest, I've sort of learned off her. We have a shared credit card, which we pay off every month, and it's taken me an incredibly long time to get to that point [consistently meeting and making repayments on credit products]." Financial Lives Survey 2017 respondent, aged 35-44

Those who demonstrate characteristics of potential vulnerability in this age group have even lower levels of confidence in managing their money. Two in five (39%) 35-44 year olds demonstrating characteristics of potential vulnerability are not confident to manage their money (compared with 13% of other 35-44 year olds), and six in ten (61%) of this age group demonstrating characteristics of potential vulnerability do not feel knowledgeable about financial matters (compared with 34% of other 35-44 year olds).

Trust in financial services providers also remains relatively low among 35-44 year olds, with only around a quarter (27%) agreeing that financial firms are honest and transparent in the way they treat them, compared with 31% of all UK adults who feel this way.

Of all age groups, trust levels in their own provider are also generally found to be lowest among the 35-44 and 25-34 year olds. For example, only around two in five (40%) 35-44 year olds have high levels of trust[32] in their day-to-day account providers, compared with over four in ten (44%) of all UK adults. Satisfaction levels with their own financial services providers are also lower for 35-44 year olds than they are for the population as a whole. For example, for motor insurance, around three in ten (31%) 35-44 year olds are highly satisfied with their provider, compared with over one third (36%) of all UK adults. For personal loans, two in five are (43%) highly satisfied with their provider compared with over one third (36%) of all UK adults.

Unsecured debt and ownership of consumer credit products is above average

Excluding SLC loans, 35-44 year olds have the highest levels of unsecured debt at an average of £5,130 compared with £3,320 for all UK adults. Less than half (46%) of 35-44 year olds have no unsecured debts, compared with three fifths (62%) of all UK adults.

35-44 year olds are the most likely of any age group to hold an unsecured consumer credit product (86% compared with 78% of all UK adults). Delving deeper into this sector, 35-44 year olds are the most likely to have been overdrawn in the last 12 months (38% of 35-44 year olds compared with 25% of all UK adults). They are also more likely to hold a personal loan (19% of 35-44 year olds compared with 12% of all UK adults) and to hold at least one retail finance product (29% of 35-44 year olds compared with 24% of all UK adults).

"It [my overdraft] charges me £5-6 a month. It was handy when I first got it because you could get £1,500 cash." Financial Lives Survey 2017 respondent, aged 35-44

Along with 25-34 year olds, 35-44 year olds are the age group most likely to hold a high-cost loan (9% compared with 6% of all UK adults). They are also the most likely to be revolvers of credit on a credit card. Three in ten (30%) 35-44 year olds have at least one credit card where they do not pay off the balance in full every month or most months. This is the highest of any age group, and compares with one in five (19%) of all UK adults.

"All my credit cards are maxed....If they gave me another credit card with 10 grand on it, I'd blow 10 grand." Financial Lives Survey 2017 respondent, aged 35-44

35-44 year olds are more likely to be stretching themselves financially

Financial resilience is higher among 35-44 year olds than younger age groups, and although levels of unsecured debts are above average, many are managing these debts. In fact, those with higher incomes are more likely to have larger unsecured debts by the very nature of what they can afford. One in five (20%) of those with a household income of £50,000 or more have £10,000 or more in unsecured debts (excluding SLC loans), in comparison with just one in eight (13%) 35-44 year olds as a whole.

32 See **Glossary of terms** for 'high' and 'low' to describe trust.

However, financial resilience is still lower than for all UK adults (58% of 35-44 year olds are financially resilient compared with 65% of all UK adults), and there are some concerning indications of the affordability of credit:

- levels of over-indebtedness are relatively high. One in five (21%) 35-44 year olds are over-indebted compared with 15% of all UK adults
- keeping up with bills and credit commitments is a heavy burden for one in seven (15%) 35-44 year olds and for one third (33%) of 35-44 year olds who demonstrate characteristics of potential vulnerability. This compares with 11% of all UK adults. Along with 25-34 year olds, this age group is the most likely to say they find bills and credit commitments a heavy burden
- along with 18-34 year olds, 35-44 year olds are more likely than older age groups to have missed payments for credit commitments or domestic bills in any three months or more within the last six months. One in ten (11%) of all 35-44 year olds and one quarter (24%) of those aged 35-44 who demonstrate characteristics of potential vulnerability have missed payments (compared with 8% of all UK adults and 5% of those 45 and over)
- of those who have missed payments, 35-44 year olds are more likely than any other age group to have fallen behind on mortgage repayments. Along with 25-34 year olds, they are also most likely to have fallen behind on credit cards and store card bills

"Basically I get to the end of the month – I've no money left, no slack on the credit card."
Financial Lives Survey 2017 respondent, aged 35-44

There is evidence that the over-indebted in this age group are starting to become squeezed as a result of looking after both their children and their elderly parents. Over-indebted 35-44 year olds are more likely to have:

- larger families: one third (33%) of 35-44 year olds with three or more financially dependent children are over-indebted, compared with less than one fifth (18%) of those with no children
- long-term care financial commitments for someone else: almost half (45%) of those 35-44 year olds with these commitments are over-indebted, compared with 21% of all 35-44 year olds
- become the main carer for a close family member in the last 12 months: this has happened to 4% of over-indebted 35-44 year olds, compared with 1% of other 35-44 year olds
- experienced a serious accident or illness themselves in the last 12 months: almost half [47%] are over-indebted,[33] compared with 21% of all 35-44 year olds

In spite, or perhaps because of, their high levels of unsecured debt, 35-44 year olds are most likely to have had an increase in their credit limit on their cards in the last 12 months (39% compared with 30% of all UK adults). For the over-indebted among this age group, this figure is around one in three (36%).

33 In this report square brackets around percentages indicate results based on 50 to 99 unweighted observations. See **Reporting conventions** in Appendix 2 (**Methodological notes**).

Table 4.2 shows the levels of debt and characteristics of 35-44 year olds compared with all UK adults.

Table 4.2 Levels of debt and characteristics of 35-44 year olds compared with all UK adults

Compared with all UK adults	All UK adults	35-44 year olds
Less likely to have no unsecured debts (excluding SLC loans)	62%	46%
More likely to have unsecured debts (excluding SLC loans) of £5,000 – £9,999	6%	9%
More likely to have unsecured debts (excluding SLC loans) of £10,000 or more	8%	13%
Mean unsecured debt (excluding SLC loans) is higher	£3,320	£5,130
Less likely to demonstrate characteristics of potential vulnerability	50%	46%
More likely to be over-indebted	15%	21%
More likely to be in difficulty	8%	11%
Less likely to be financially resilient	65%	58%

Debts and living expenses are impacting savings, which remain relatively low

It is clear that debts and living expenses are holding back savings growth for the 35-44 year olds. For those without any unsecured debt, one in three (31%) have accumulated investable assets of £10,000 or more. In contrast, those with unsecured debts of £10,000 or more have markedly lower investable assets. Three quarters (74%) have less than £10,000 in investable assets (compared with 59% of 35-44 year olds as a whole and 46% of 35-44 year olds with no unsecured debts including SLC loans).

One in six (17%) 35-44 year olds have no savings (compared with 13% of the population). This rises to two in five (40%) of 35-44 year olds who are over-indebted, just over half (54%) of those in difficulty financially and three in ten (29%) of those surviving. Other factors associated with a lack of savings include having a larger family (three or more financially dependent children), being single (with or without children), renting, and having a household income below £30,000 (particularly below £15,000, where 44% have no savings).

Over five in ten (55%) of those 35-44 year olds without a savings account, NS&I bond, credit union savings or cash ISA say they can't afford to save (compared with 50% of all adults without these savings products). One in ten (10%) are focused on clearing off existing debts (compared with 8% of all adults without these savings products).

Focus on pensions is beginning to increase, but three in ten have no pension scheme in place

A relatively high proportion of 35-44 year olds have a private pension. Half (51%) say they have a DC pension, while one quarter (24%) say they have a DB pension (in comparison with 37% and 17%, respectively, of all UK adults).

Around three in ten (28%) 35-44 year olds say they have no private pension in place. Many of the factors driving the lack of a pension are the same across all age groups. However, it is worth noting that the over-indebted 35-44 year olds are substantially more likely not to have a pension in place (40%). Similarly, those 35-44 year olds in difficulty financially (51%), with three or more financially dependent children (38%) and self-employed (57%) are far more likely not to have a private pension compared with their peers.

Over 90% of those aged 35-44 who are currently contributing to a pension have arranged these through an employer, highlighting the vital importance of workplace pensions for those of working age.

There is a considerable amount of confusion about pensions, but engagement levels are higher among 35-44 year olds than younger age groups
Engagement is still quite low, but compared with the younger age groups, the 35-44 year olds are starting to get a better understanding of their DC pensions:

- three in ten (31%) 35-44 year olds are not sure if the employer-sponsored pension they are currently contributing to is a DB or DC pension. While this lack of knowledge is similar to all UK adults holding a pension with their employer (34%), it compares favourably with the over half (53%) of 18-34 year olds

- one in three (34%) of those with a DC pension do not know how much is in their pension pot. This is marginally worse than the 18-34 year olds (31%) with a DC pension and a lot worse than adults aged 55 and over (28%) with a DC pension

- just one in seven (15%) 35-44 year olds made a decision on where to invest their DC pension money when they started their pension, while one quarter (24%) opted into the default fund. These levels are largely in line with all UK adults. Only one in seven (15%) have reviewed their investment choices since they started their DC pension, compared with one in six (18%) of all UK adults

For most 35-44 year olds serious retirement planning is a low priority
One third (33%) of 35-44 year olds have not considered how much they should be paying into their DC pension each year to maintain a reasonable standard of living when they retire. This compares to two fifths (39%) of all UK adults, and half (49%) of 18-34 year olds.

Only one in six (18%) 35-44 year olds have given a great deal of thought to how they will manage financially when they retire (compared with 25% of all UK adults), and one third (33%) of 35-44 year olds have not really thought about it at all. While this is an improvement on the less than one tenth (8%) of 18-34 year olds who have given it a great deal of thought, and the nearly six in ten (58%) who have not really thought about it, engagement levels are still markedly lower than for older age groups.

Over four in ten (43%) of 35-44 year olds with a DC pension do not currently know how much is being paid in. While this is level with all UK adults (43%), it is marginally lower than the half (49%) of 18-34 year olds with a DC pension in the same position.

For most 35-44 year olds retirement planning is a low priority

Obedi, age 35-44

Works full-time and has been in the same job for 11 years. Her three grown-up children have left home. She and her partner are able to enjoy their time and money together.

- **Household income:** £50,000 - £59,999
- **Personal income:** £40,000 - £49,999
- **Housing:** owns home outright
- **Unsecured debt:** £0
- **Savings:** less than £1,000
- **Investments:** £0
- **Over-indebted:** no
- **Shows characteristics of potential vulnerability:** yes
- **Financial resilience:** resilient
- **Private pension:** defined contribution pension
- **Employment status:** employed full-time

Obedi on pensions

Obedi has always paid into her workplace pension. She felt she had to, rather than making an active decision to contribute. She has no idea how much she pays into her pension or how much her pension is worth. She recalls receiving an annual statement, but barely looks at it. When she does do so, she finds it hard to understand. She would not want to make any choices about where her pension is invested, and would rather leave this to someone who knows what they are doing.

"I know they try and describe it in layman's terms and I'm not thick, but you've got to know what they are talking about [terminology in provider supplied materials]… the full comprehension of it is very difficult."

"I think all the information [about the pension] is on the [work] intranet, but I really don't understand it, to be honest with you."

Although she has been disengaged in the past, she has now started to think more about her future retirement and feels anxious about it. This need has been brought to the fore because her partner is approaching 55 and he needs to start to make some decisions about his own retirement plans. She feels concerned she will not have enough money in her old age, but, given her lack of understanding, does not know what to do to take control.

"Pensions at the moment are very key in our lives. My partner is older than me and he's getting loads of letters about pensions at the moment. We haven't got a clue what they are all about."

Obedi holds a defined contribution pension from her employer and has limited savings and no debts. She owns her own home, but is unsure of the size of her pension pot. To date she has been disengaged with her pension and planning for retirement. Lately, she has started to think more about this but is finding it difficult to do so due to her lack of understanding.

35-44 year olds are frequent internet users and report high levels of online financial services interactions

35-44 year olds are frequent internet users. Four in five (81%) 35-44 year olds use the internet at least once a day and over half (54%) of 35-44 year olds rate their online capabilities as excellent. Just 1% do not use the internet at all, compared with 10% of the UK adult population.

35-44 year olds use technology extensively to help them with their financial lives:

- this age group has one of the highest levels of online banking of any age group. 86% of 35-44 year olds conducted banking activities online in the last 12 months (along with 87% of 25-34 year olds). They are the age group most likely to transfer money to other people and to another account online and to have paid bills online in the last 12 months, and along with 25-34 year olds, are the most likely to check balances online.

"I love their internet banking, and it's all really convenient, and everyone's always helpful." Financial Lives Survey 2017 respondent, aged 35-44

- they are, in the last three years, more likely to have opened or switched a savings product online than younger generations (65% of 35-44 year olds, compared with 52% of younger adults aged 18-34s)

- they display similar high levels of online purchasing and use of price comparison websites for motor insurance as younger generations. In the last three years, the vast majority (93%) of 35-54 year olds bought motor insurance online, compared with nine in ten (89%) 18-34 year olds (65% of 35-54 year olds bought through a price comparison website compared with 67% of 18-34 year olds)[34]

- they are more likely to feel comfortable getting advice online than the population as a whole. One third (34%) of 35-44 year olds agree that if they wanted advice they would be happy to get that online, compared with three in ten (29%) UK adults

While mobile use is not as high as for younger generations, 35-44 year olds are adopting this technology in their financial lives

This age group is said to comprise digital immigrants. While their technology use is high, they think about and use it in a different way from those who have never known any different.[35] In terms of their financial lives, this is most evident in the use of their mobile, which is substantially lower than for younger generations.

However, it should be noted that a significant proportion of 35-44 year olds are using mobile technology, particularly for banking. For example, while 35-44 year olds are far less likely to use mobile banking apps than younger adults (69% of 18-34 year olds), half (50%) of 35-44 year olds have conducted banking activities via a mobile app in the last 12 months. This is significantly higher than the population as a whole (40%).

In addition, one in six (18%) 35-44 year olds have used a mobile wallet app such as Applepay or Samsungpay in the last 12 months, in comparison with one quarter (25%) of 18-34 year olds and one in eight (13%) of the population as a whole.

34 Due to small sample sizes, it is not possible to report figures for 35-44 year olds as a distinct age band.
35 'Marc Prensky, "Digital Natives, Digital Immigrants Part 1", On the Horizon Vol. 9 No. 5, October 2001 http://www.marcprensky.com/writing/Prensky%20-%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part1.pdf

5 45-54 year olds

Summary

In many ways the financial lives of the 45-54 year olds are not very different from those aged 35-44. They have broadly similar levels of household incomes and employment status and the majority own their own homes. They are at, or very close to, the highest levels of product ownership, of confidence in managing money, of knowledge about financial matters and satisfaction with their financial circumstances is high.

The key difference compared with their slightly younger counterparts is that, for some, financial pressures are starting to ease. Around one in five (22%) now own their home outright, and the mean loan to value ratio on mortgages outstanding has fallen considerably to just 37%, compared with 55% for 35-44 year olds (based on what consumers have told us). One in eight (12%) of 45-54 year olds have a second home, buy-to-let, or commercial property investment, which is the highest of any age group.

Over half (53%) now have no unsecured debt (excluding SLC loans). Although unsecured debt levels (excluding SLC loans) remain high (the average 45-54 year old has £4,910 in debt compared with £3,320 for the average UK adult), this age group is less likely to revolve credit card and other balances and is more comfortably managing its debts in comparison with those aged 35-44. Empty nesters are starting to emerge (44% now have dependent children compared with 66% of 35-44 year olds).

Levels of savings and ownership of savings products have increased in comparison to younger age groups, and these increased savings levels appear to be helping with financial resilience. Two in three (66%) now fall into the financially resilient bracket (compared with 58% of 35-44 year olds). The accumulated assets held by this group mean that they may now have a need for advice, and in fact this age group accounts for around one quarter (23%) of all UK adults who have had regulated financial advice in the last 12 months and for one in five (20%) of those who might have a need for advice[36] but not had it in the last 12 months. In contrast, those under 45 years old account for just one seventh (15%) of those who have had regulated advice in the last 12 months, and for just three in ten (28%) of those who might have a need for it.

That said, it is not a positive picture for all. The overall figures for the 45-54 year olds group are masking some key differences within this age group. One in six (16%) are over-indebted, one in ten (9%) are in difficulty and a quarter (25%) are surviving. Four in ten (40%) of all adults with an interest-only residential mortgage on the property in which they currently live are 45-54.

45-54 year olds are also facing greater financial pressure in other areas, including supporting elderly parents and the increasingly urgent need to save for retirement. Despite heading quickly towards the point where they are able to make access decisions on any DC pensions, their engagement with pensions, although improving, remains low.

36 See **Glossary of terms** for 'might need regulated financial advice.'

Financial life story

Personal lives are relatively settled

Adults in the 45-54 age group are relatively settled in their lifestyle choices. House moves and marriages within the last 12 months are far less common in comparison with younger age groups (1% of 45-54 year olds have married in the last 12 months compared with 4% of 35-44 year olds, and 5% have moved house compared with 10% of 35-44 year olds). Families are established and empty nesters are emerging, with children becoming financially independent and leaving home (56% have no children aged 17 and under who are financially dependent on them compared with 34% of 35-44 year olds).

However, more of this age group are separated or divorced compared with those who are 35-44. In the last 12 months this age group is also beginning to experience the pressures of caring for a close family member and dealing with the death of a parent.

Financial pressures are easing for many, but again around one in ten are in difficulty

45-54 year olds, along with those aged 35-44, have higher household incomes than any other age group. Two in five (42%) have household incomes of £50,000 or more (compared with 31% of all UK adults), one in ten (10%) have household incomes of £100,000 or more, compared with just 7% of all UK adults. Looking at their individual circumstances (rather than household circumstances), over two in five (22%) pay higher or additional tax, which is considerably higher than the 14% of all UK adults, and just one in six (16%) pays no income tax, which is considerably lower than the 24% of all UK adults.

The proportion which is financially resilient continues to increase, rising to two in three (66%) for this age group. The financially resilient are heavily clustered in the older age groups, and it is anticipated that the 45-54 year olds can expect to see their position improve further as they accumulate more savings. For example, four in five (81%) of those aged 65 and over are financially resilient compared with just under half (48%) of 18-24 year olds.

Despite this apparent level of affluence, it is important to remember that this picture will not be quite so positive for all. While the proportion of this age group which is in difficulty (9%) is lower in comparison with younger age groups, it is not materially different from that for all UK adults (8%), and we see similar characteristics. In line with all UK adults, the 45-54 year olds who are in difficulty are more likely to be single, not working and to be lone parents. Therefore, there is a significant segment of those aged 45-54 who are struggling to manage financially.

Table 5.1 shows selected demographics and characteristics of 45-54 year olds compared with all UK adults.

Table 5.1 Demographics and characteristics of 45-54 year olds compared with all UK adults

Compared with all UK adults	All UK Adults	45-54 year olds
More likely to be working	62%	84%
More likely to have a residential mortgage	33%	55%
Less likely to own their home outright (but more likely than 35-44 year olds)	30%	22% (vs 7% of 35-44 year olds)
Have a lower mean outstanding mortgage loan to value ratio	48%	37% (vs 56% of 35-44 year olds)
Less likely to be renting	29%	21%
More likely to be in a couple	63%	75%
More likely to be married or in a registered civil partnership	51%	64%
More likely to be divorced	9%	13%
More likely to have financially dependent children (but less likely than 35-44 year olds)	29%	44% (vs 66% of 35-44 year olds)
More likely to have become the main carer for a close family member in last 12 months	2%	3% (vs 1% of 18-44 year olds)
More likely to have experienced the death of a parent in last 12 months	4%	8%
More likely to have an annual household income of £50,000 or more	31%	42%
Less likely to have an annual household income of less than £15,000	20%	13%
Less likely to pay no income tax	24%	16%
Less likely to demonstrate characteristics of potential vulnerability	50%	48%
More likely to be in difficulty	8%	9% (vs 11% of 35-44 year olds)
Less likely to be surviving	27%	25% (vs 31% of 35-44 year olds)
More likely to be financially resilient	65%	66% (vs 58% of 35-44 year olds)

45-54 year olds have mature financial lives, with high levels of product ownership

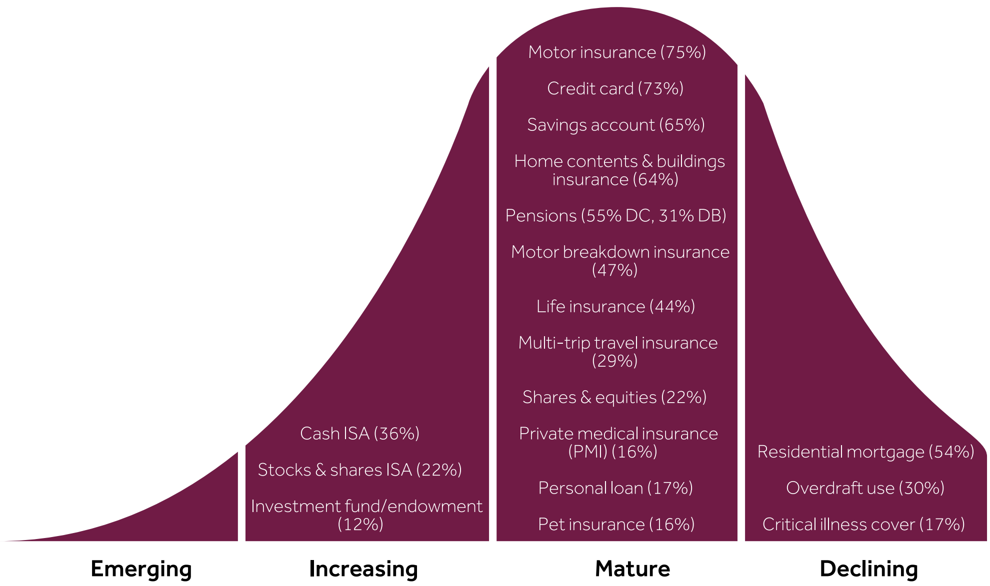
Figure 5.1 shows ownership levels for relevant products for 45-54 year olds, assigning these into three categories:

- increasing: higher levels of ownership than younger adults, but still not as high as older adults
- mature: this age group shows the highest levels of ownership for these products, or is within one or two percentage points of the highest levels of any age group
- declining: ownership levels may still be above national averages, but are lower than for the 35-44s

Product ownership levels are typically at maturity for this age group. More have several insurance and protection products compared with other age groups, and more have private pensions, both DC and DB.

Ownership of PMI has also reached its peak at just under one in six (16%). Although workplace remains an important channel for PMI, a higher proportion of 45-54 year olds are now buying this product outside of employee benefits packages in comparison with the younger generations.

Figure 5.1 Maturity of product ownership for 45-54 year olds



While 45-54 year olds have the highest level of protection product ownership, a potential gap exists among those who have paid off their mortgage

Half (50%) of all 45-54 year olds hold at least one protection policy, which is the highest rate of any age group. Protection product ownership amongst 45-54 year olds is highest amongst those with a mortgage (65% have a least one protection policy), couples with financially dependent children (61%), those with household incomes of £50,000 or more (68%), and those who have received regulated financial advice in the last 12 months (76%).

45-54 year olds are almost twice as likely as all UK adults to hold protection products often associated with a mortgage, such as life insurance (44% compared with 28%) and critical illness (17% compared with 10%).

However, life insurance and critical illness product holding is far lower amongst 45-54 year olds who own their home outright. For example, 59% of mortgage holders have life insurance and 24% have critical illness cover, compared with 35% and 12%, respectively, for those who own their home outright. This highlights the emergence of a potential protection gap among 45-54 year olds who have paid off their mortgages, and seen associated protection policies, such as term life insurance, come to an end.

Many 45-54 year olds have paid off their mortgage, but one in seven have an interest-only mortgage

While residential mortgage holdings are still high (54% of 45-54 year olds own their home with a mortgage)[37], they are starting to reduce their mortgage debts. Around one in five (22%) now own their home outright in comparison with fewer than one in ten (7%) 35-44 year olds. Balances outstanding on residential mortgages are lower. Three in ten (31%) owe less than £50,000 compared with 23% of all residential mortgage holders, and one in eight (12%) of those aged 35-44.

In contrast, the proportion of 45-54 year old mortgage holders with an interest-only residential mortgage is higher than for all UK adults (15% compared with 11%) and is almost double that of the proportion of 35-44 year olds (8%). This group accounts for two fifths (40%) of all interest-only mortgage holders. A further one in ten (9%) hold a part interest, part repayment mortgage.

One quarter [25%] of 45-54 year olds holding a part or fully interest-only mortgage say they are already paying off some of the capital. Plans to repay the capital are typically reliant on calling on other savings and investments, endowment plans, the sale of the house or receiving an inheritance. There is some evidence to suggest that those whose interest-only mortgages are ending in the next five years are being contacted by their mortgage lender about how they will repay the capital outstanding, but survey sample sizes are small and further research may be required to validate this finding.

"They have written to us a couple of times in recent weeks about our [interest-only] mortgage coming to an end, but I did not bother reading the letters nor have I thought about replying as yet. The letters were written in a serious tone, but I do not feel under pressure to take any action." Financial Lives Survey 2017 respondent, aged 45-54

37 Here and in Figure 5.1 we report mortgage ownership on the basis of survey question P_M1. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

The proportion of 45-54 year olds with an interest-only residential mortgage is higher than the average for all UK adults

Mary, age 45-54

Has been a full-time support worker for the last three years. She is on a low income and has little money to spare, but has some savings in premium bonds.

- **Household income:** £20,000 - £29,999
- **Housing:** buying with a mortgage
- **Unsecured debt:** £0
- **Savings:** £10,000 - £14,999
- **Investments:** £0
- **Over-indebted:** no
- **Shows characteristics of potential vulnerability:** no
- **Financial resilience:** surviving
- **Private pension:** defined contribution pension
- **Employment status:** employed full-time

Mary on her interest-only mortgage

Mary and her husband have held their current interest-only mortgage for the last six years. She thinks the capital is due to be repaid in 2025, but is not sure. They owe around 80% of the original loan. Their mortgage repayments are £300 per month which Mary is pleased with. When taking out the mortgage Mary felt she had limited options available in order to secure affordable monthly payments. She felt she was making an informed decision, although she realised this type of mortgage may not be the perfect option.

"I don't know anyone who is paying £300 on their mortgage... We've got a really good deal."

"I think at the time, we just wanted the mortgage to get the house, and he [the broker] was aware that he was the only one who was going to be able to help us.... We knew what we were getting into. I don't think we were naive in any way. We knew this wasn't a perfect solution."

Her lender has not contacted them about how they plan to pay off their mortgage at the end of the term. Mary and her husband have somewhat buried their heads in the sand and have barely discussed what they will do. She is concerned about contacting her provider for fear of alerting them to the fact they may have difficulty repaying. They currently have no plans in place to pay off the mortgage.

"To be honest, I don't pay a lot of attention to this as, at this point, I am a little bit scared of the balance ... which needs to be repaid."

Mary has an interest-only mortgage, limited savings and no plans in place to pay off the capital. She is aware a potentially major problem is looming. Direct contact from her provider could be the spur she needs to address this.

Unsecured debt levels remain high

Average unsecured debt (excluding SLC loans) among 45-54 year olds is just under £5,000. Perhaps surprisingly, given their more favourable financial situation, average debt has only fallen slightly compared with those aged 35-44 (here, average debt is just over £5,000). This finding may seem perverse, but it is simply a question of affordability. Those with higher incomes will qualify for larger loans pushing up the average. 45-54 year olds with a household income of £50,000 or more make up over half (56%) of those in this age group owing £10,000 or more in unsecured debts (excluding SLC loans).

High debt levels in absolute terms are not holding back ownership of other financial products within this age group. The 45-54 year olds who owe £10,000 or more in unsecured debts also have higher ownership of all other categories of financial products than 45-54 year olds as a whole, including insurance, pensions, cash savings, investment products and mortgages.

Levels of over-indebtedness are also significantly lower compared with 35-44 year olds, with one in six (16%) 45-54 year olds being over-indebted compared with 21% of 35-44 year olds. Slightly fewer 45-54 year olds (4%) are in arrears on credit or store cards compared with 35-44 year olds (5%). Just 1% have missed three or more payments for other credit commitments, compared with 3% of 35-44 year olds.

As income levels rise and relative mortgage levels fall or are paid off completely, this age group is typically achieving a more comfortable financial situation and is more comfortably managing their debt.

Table 5.2 shows debt levels of 45-54 year olds compared with all UK adults.

Table 5.2 Levels of debt of 45-54 year olds compared with all UK adults

	Compared with all UK adults	**All UK adults**	**45-54 year olds**
	Less likely to have no unsecured debt (excluding SLC loans)	62%	53% (vs 46% of 35-44 year olds)
	More likely to owe £10,000 or more in unsecured debt (excluding SLC loans)	8%	12%
	Hold more unsecured debt (excluding SLC loans) on average	£3,320	£4,910
	More likely to be over-indebted	15%	16% (vs 21% of 35-44 year olds)

Although most are managing their credit situation well, this is not the case for everyone in this age group

Although most of this age group are financially resilient, it is important to note that there are still 1.5 million over-indebted 45-54 year olds in the UK. One in six (15%) of the over-indebted in this age group have unsecured debts (excluding SLC loans) of £10,000 or more.

Furthermore, one in ten (9%) of 45-54 year olds have missed or fallen behind on their payments for credit commitments or domestic bills in the last six months and, of those falling behind, two fifths (39%) said they had fallen behind with a credit or store card and one sixth (16%) with other credit commitments.

"At the end of January my son had a car accident, so that was money I hadn't got to put the car back on the road…I just didn't have the money to make the payment on the credit card. So I rang up, and said I haven't got it. So I paid them £10, and they withheld any further payments because I rang up. When the next month came, I pretty much didn't eat. They wanted £60, and I thought I can do it, it wasn't nice, but there are worse things." Financial Lives Survey 2017 respondent, aged 45-54

It appears that the vast majority in this situation have had contact with their provider about this. Those that have made contact have very mixed views on whether or not the provider was sympathetic to their difficulties, and, on balance, they seem to be less happy with their experience than those aged 35-44. However, sample sizes are small, so this may require further exploration.

Not all 45-54 year olds with some form of consumer credit are able to access the credit products they would like. One in eight (13%) of those with consumer credit products (excluding transactors)[38] have made an application for credit in the last 12 months which has been rejected. This figure is very similar to all UK adults (12%) and is lower than the one fifth (19%) of 25-34 year olds in this situation.

One in five (19%) 45-54 year olds with consumer credit products (excluding transactors) have been put off applying for credit in the last 12 months because they thought their application would be rejected. 45-54 year olds with the highest fear of rejection include singles [31%], those with household incomes under £30,000 (33%), those who say credit commitments are a heavy burden [41%], and those who have fallen behind, or missed, payments for credit commitments or domestic bills for any three or more months in the last six months [63%].

Savings are starting to build up for 45-54 year olds, who have one eye on retirement

45-54 year olds are now making significant headway with their cash savings, and three quarters (75%) now have some form of cash savings product. The most popular are savings accounts (held by 65%) and cash ISAs (held by 36%). Around a quarter (23%) hold premium bonds.

"We keep our [savings] account in constant review every month or so and have a little think about it [savings products]" Financial Lives Survey 2017 respondent, aged 45-54

Cash saving levels themselves are starting to rise significantly too. One in eight (12%) 45-54 year olds now have cash savings of £50,000 or more, compared with less than one tenth (7%) of 35-44 year olds. Half (50%) have cash savings and investments which are under £10,000 (compared with 59% of 35-44 year olds). One in seven (14%) have no cash savings (compared with 17% of 35-44 year olds).

38 See **Glossary of terms** for 'transactor.'

While short-term expenses such as holidays still account for the largest reason for cash savings among 45-54 year olds who save (51%), almost two fifths (37%) of 45-54 year olds are saving for an income in retirement, while one third (32%) are still saving to support their family.

Retail investment portfolios are building up, also with retirement in mind
Higher disposable income and lower dependence on easy-access savings for immediate needs, coupled with retirement planning, could explain why this age group is starting to explore investment options with the potential of greater returns. A third (35%) now hold at least one investment product, compared with 29% of all UK adults, and 24% of those aged 35-44. The most commonly held products are stocks and shares ISAs and direct holdings of shares or equities. Around one in five (22%) 45-54 year olds hold a stocks and shares ISA and the same proportion hold shares or equities directly.

Amounts held in investments have risen significantly. One in ten (9%) 45-54 year olds now have investments totalling between £10,000 to £49,999 and 6% have £50,000 or more, compared with 5% and 2% for 35-44 year olds, respectively. The mean amount held in investments by all 45-54 year olds is now £13,000 (compared with £5,000 for 35-44 year olds), while 45-54 year old investors have a mean of £41,000 (compared with £24,000 for 35-44 year old investors).

One in eight (12%) 45-54 year olds have a second home, buy-to-let, or commercial property investment, which is the highest of any age group.

Engagement with investments among 45-54 year olds is broadly in line with all UK adults holding investments, but lower than for 35-44 year olds. One quarter (24%) checks their investments[39] at least once a month (compared with 33% of 35-44 year olds) and a further one in seven (15%) check their investments once every 2-3 months (compared with 21% of 35-44 year olds). At the other end of the spectrum, one in five (19%) only checks their investments about once a year, and 10% say they never check them.

It is difficult to speculate why engagement for this age group is lower than for younger investors, but it might be due to them having slightly different investment objectives. For example, half (50%) of 45-54 year olds say they are investing for their retirement (compared with 42% of 35-44 year olds), while one in five (21%) are investing to cover the cost of a major expense (15% for 35-44 year olds). Two in five (39%) are investing to get better rates than currently offered on savings accounts, compared with almost half (46%) of 35-44 year olds.

Almost one in ten (8%) 45-54 year olds who have invested have done so because they received a lump sum from an inheritance or other source.

39 Checking investments can involve, but is not limited to, checking the balance, looking at performance and comparing them with other available products.

Table 5.3 shows the investable assets held by 45-54 year olds in comparison with all UK adults.

Table 5.3 Investable assets held by 45-54 year olds compared with all UK adults

Compared with all UK adults	All UK adults	45-54 year olds
More likely to have investable assets of £50,000 or more	14%	15% (vs 8% of 35-44 year olds and 4% of 25-34 year olds)
Less likely to have investable assets of £1 -£9,999	37%	36% (vs 45% of 35-44 year olds and 50% of 24-34 year olds)
Less likely to have no investable assets	12%	11% (vs 14% of 35-44 year olds and 17% of 25-34 year olds)
Mean amount in investable assets is higher	£18,000	£19,000

Increased levels of wealth mean that around one in three may have a need for advice

Wealth is concentrated in the older age groups, and around three in ten (28%) 45-54 year olds have not had regulated advice in the last 12 months but might have a need for it.

Fewer than one in ten (8%) of 45-54 year olds have had regulated advice in the last 12 months related to investments, saving into a pension or retirement planning. That said, this age group does account for around a quarter (23%) of all UK adults who have had regulated financial advice in the last 12 months.

Table 5.4 shows the percentage of 45-54 year olds who have had regulated advice in the 12 months and those who have not but may have a need for it, in comparison with all UK adults and other age groups.

Table 5.4 Percentage who have had regulated advice in the last 12 months and those who have not had advice but may have a need for it, in comparison with all UK adults and other age groups

	All UK adults	35-44	45-54	55-64	65+
Had regulated advice in the last 12 months	6%	3%	8%	11%	10%
Not had regulated advice in the last 12 months but may have a need for it	25%	21%	28%	36%	35%

45-54 year olds are the age group most likely to hold a pension

Around three in four (77%) 45-54 year olds have a private pension they have not yet accessed. Over half (55%) have a DC pension, and three in ten (31%) have a DB pension, in comparison with 45% and 20%, respectively, of all non-retired adults. The vast majority (90%) of 45-54 year olds currently contributing to a pension have all or some of their pensions arranged through an employer, highlighting the continued importance of workplace pensions.

Although pension provision is more widespread in this age group, there are still one in five (21%), or 1.9 million, 45-54 year olds who have no form of private pension arrangement. Many of the factors behind the lack of a pension are the same across all age groups and affordability is key. In this age group, half (47%) of those who are in difficulty and one third (34%) of those who are surviving do not have any private pension.

Only one third have given a great deal of thought about how they will manage financially when they retire

This age group is the most confident in their ability to make a financial decision. For example, around two in five (42%) score their confidence in managing money as high compared with 37% of all UK adults, and one in five (19%) scores their knowledge regarding financial matters as high compared with 16% of all UK adults.

However, just one third (35%) of all 45-54 year olds have given a great deal of thought to how they will manage financially when they retire. Even though this is higher than the 25% of UK adults that are not yet retired, it means the majority (65%) have not paid much attention to how they will manage financially in the later stages of their lives.

Those 45-54 year olds that have given little or no thought to how they will manage financially when they retire are:

- more likely to be female than male (21% of women have not really thought about it, compared with 16% of men)
- more likely to be single than in a couple (30% of singles have not really thought about it, compared with 15% in a couple)
- more likely to have lower incomes (for example, 29% of adults with a personal income of less than £15,000 have not really thought about it, compared with 7% of adults with a personal income of £50,000 or more)
- less likely to be in work (for example, 35% of unemployed adults have not really thought about it compared with 15% of those employed and 14% of the self-employed)
- far less likely to have any private pension provision (40% of those with no private pension provision have not really thought about it)

Table 5.5 shows how much thought 45-54 year olds have given to how they will manage financially in retirement compared with all UK adults and other age groups.

Table 5.5 Level of thought given to how they will manage financially in retirement compared with all UK adults and other age groups

	All UK adults	34-44	45-54	55-64	65+
Given a great deal of thought to how they will manage financially in retirement	25	18	35	52	65
Given a little thought to how they will manage financially in retirement	40	49	47	35	23
Not really thought about how they will manage financially in retirement	35	33	18	13	12

Engagement with DC pensions is increasing as they head towards retirement, but there is significant room for improvement

Pension freedoms have changed the decision horizon for those with a DC pension. Before April 2015, typically people purchased an annuity with their DC pension as and when they needed to access tax-free cash or a regular income stream. This often coincided with their exit from the workforce in their early to mid-60s. Now, people can access money in all sorts of ways at any time from age 55 onwards, even while continuing to work.

Although 45-54 year olds are close to the time when they can potentially start to access their DC pension money, engagement levels remain low. This suggests that people do not think about the adequacy of their DC pension provision until they are very close to making their decisions:

- one third (35%) of 45-54 year olds with a DC scheme do not know how much they or their employer pay into their pension. This is better than for DC pension holders aged 35-44, among whom 43% do not know

- just under half (48%) of 45-54 year olds have not reviewed their DC pension in the last 12 months to see how much their pot is worth. This is a little better than for those aged 35-44 and for all UK adults, where 56% and 53%, respectively, have not taken any such action. This makes it very difficult for many to understand exactly what income they can expect their pension savings to generate

- encouragingly, around four in five (78%) 45-54 year olds can recall receiving an annual pension statement. This is better than the recall rate for all DC pension holders (66%) and better than DC pension holders who are 35-44 years old (71%). Three quarters (73%) of those aged 45-54 who received a statement said that they read it, while one quarter (27%) did not

- while six in ten (61%) 45-54 year olds with a DC pension are not aware of any charges on their DC pension, this compares favourably with three quarters (75%) of those aged 35-44 and the seven in ten (71%) UK adults with a DC scheme who have no idea what they are paying in charges

- only one quarter (25%) of 45-54 year olds with a DC pension have ever reviewed where their pension is invested. Most (67%) have done this in the last 12 months. This compares well to younger age groups where one in seven (15%) of those aged 35-44 and one in six (18%) of all UK adults with a DC pension have ever reviewed where their pension is invested. But as many 45-54 year olds are in the process of being lifestyled[40] it is important for them to assess whether a move out of equity and into cash and bonds is the right strategy for them

"I know I could be more proactive. I tend to go with the flow with what's provided at work. I haven't really gone into my pension in much detail and thought about what's right for my own individual circumstances." Financial Lives Survey 2017 respondent, aged 45-54

40 Many DC pension savings are invested in default funds that are 'lifestyled' so that, as the savings approaches retirement, more of their fund is shifted into lower risk investments in the anticipation of their buying an annuity when they retire.

6 55-64 year olds

Summary

By this age the end of working life is in sight and many people are fast approaching retirement. But it is no longer the case that people simply retire when they reach State Pension age. One in five (20%) of those aged 55-64 have already retired, and 3% are semi-retired, i.e. drawing a pension or other income source but still working in some capacity (and not necessarily paid). One in six (18%) expect to retire in the next two years, but seven in ten (69%) have no plans to retire in the next two years.

Family lives are changing again and this group are often caring for elderly parents and have responsibility for adult children. Most (90%) have no financially dependent children but 31% have more than two adults living in their household, and 4% have become the main carer of a close family member in the last 12 months (compared with 2% of all adults). Their own health issues are starting to emerge (32% of 55-64 year olds have a physical or mental health condition lasting, or expected to last, 12 months or more) but this does not, as yet, have a detrimental impact on day-to-day lives.

Financial product holdings have peaked, but savings and investments continue to grow as they accumulate assets to see them through the remainder of their lives. Sixty six per cent of 55-64 year olds hold a savings account, compared with 59% of all adults, and 40% now hold an investment product, compared with 29% of all adults.

People are preparing for retirement by reducing debt commitments wherever possible, and by this age a significant proportion are mortgage and debt free. Two in three (65%) of 55-64 year olds do not have any unsecured debt, compared with 53% of 45-54 year olds, and 53% of 55-64 year olds are mortgage-free, compared with 22% of 45-54 year olds.

Looking within the 55-64 year old age group, we see some large differences in the financial situation of those in work and those in retirement. Those who have made the leap into retirement are often financially better off than those who are still working, and this difference is particularly acute when looking at those still in self-employment. For example, very few (4%) 55-64 year old retirees are over-indebted compared with one in seven (15%) who are self-employed and one in ten (9%) who are employed.

This group are about to make some big financial decisions, possibly the biggest of their lives, as they plan for retirement. But their years of experience do not result in improved confidence in financial matters and they are becoming more cautious and reluctant to take a different approach with age. For example, two thirds (67%) now agree they would like to stick to a financial brand they know and this sentiment only gets stronger as people get older (just over three quarters (77%) of those aged 65 and over feel this way).

Those with DC pensions face a particularly challenging decision. Pension freedoms bring new personal responsibilities for those who no longer want to take out an annuity. But many of those who have started to access their DC money seem confused about what they have done. Around one in six (18%) 55-64 year olds who have accessed a DC pension in the last two years, either by taking a cash lump sum or starting to receive an income, is not certain exactly what they have done (e.g. whether or not they have bought an annuity, entered into income drawdown, or started taking money via an uncrystallised funds pension lump sum (UFPLS)).

There are signs that those who are very close to making their 'at retirement' decisions are not always seeking out the help they need to make informed choices: only half (54%) of those with a DC pension planning to retire in the next two years have used a source of information or guidance in the last 12 months.

This group is a key target for scams. Three in ten (30%) have received unsolicited approaches about pensions or investments in the last 12 months: of those who have been approached, one in twenty five (5%) have responded to these offers.

Financial life story

Family lives are changing as adult children leave home and some take on responsibilities for elderly parents

Nine in ten (90%) 55-64 year olds now have no financially dependent children under 17 (compared with 56% of 45-54 year olds). Three in ten (31%) have more than two adults over 18 living in their household, indicating that some independent adult children are not fleeing the nest.

This group is starting to play a more active role in helping their elderly parents managing their personal and financial lives. One tenth (9%) have a power of attorney to conduct financial transactions on behalf of someone else (compared with 5% of all UK adults) and one in twenty (5%) 55-64 year olds conduct financial transactions for someone else informally by using their PIN number. In the last 12 months, one in twenty five (4%) 55-64 year olds became the main carer of a close family member (compared with 2% of all UK adults). Eight per cent experienced the death of a parent (compared with 4% of all UK adults) and 4% received an inheritance (compared with 3% of all UK adults).

Ill health issues are starting to emerge. One in three (32%) 55-64 year olds now have physical or mental health conditions or illnesses lasting or expected to last for 12 months or more (compared with 18% of those aged 45-54). The most common conditions relate to mobility, stamina, breathing or fatigue. For four in five (79%) of those with a condition, it has little or no impact on their ability to carry out day-to-day activities. Just over one in twenty (8%) is in receipt of Disability Living Allowance.

While around two in three (64%) 55-64 year olds are still working, one in six (18%) plans to retire in the next two years. Just over seven in ten (69%) have no plans to retire in the near future. Looking closely at those who plan to retire in the next two years, those who own their home outright and those with investable assets of over £50,000 are the most likely to be thinking about retiring.

Around three in four (73%) 55-64 year olds planning to retire in the next two years will not rely on the State Pension for their main source of income. There is also a significant difference in retirement plans between those who have DB or DC pensions, with 55-64 year olds holding DB only pensions (23%) being more likely to be planning to retire in the next two years, compared with those with DC only pensions (16%). Despite their precarious financial situation, one in ten (9%) 55-64 year olds wanting to retire in the next two years are over-indebted.

There has been a big jump in the proportion which own their home outright. Just over half (53%) of 55-64 year olds are mortgage-free (compared with 22% of 45-54 year olds). Being mortgage-free is an important milestone for many and this could often be a trigger for starting to think about whether they can afford to retire. Looking in a little more depth, we see that around three in four (77%) 55-64 year olds who are retired own their home outright, compared with 46% of those who are not yet retired.

The proportion of 55-64 year olds who are renting differs between those who are retired and those still working (11% of retired 55-64 year olds are renters compared with 21% of those who are not retired). The most financially resilient 55-64 year olds own their own home (89%) and two in three (65%) already own it outright. In contrast, five in eight (63%) 55-64 year olds in difficulty are in rented accommodation.

Table 6.1 shows selected demographics and characteristics of 55-64 year olds compared with all UK adults.

Table 6.1 Demographics and characteristics of 55-64 year olds compared with all UK adults

Compared with all UK adults	All UK adults	55-64 year olds
More likely to be working full-time or part-time (employed or self-employed)	62%	64%
Less likely to be employed (full-time or part-time)	54%	51%
More likely to be self-employed (full-time or part-time)	8%	13%
Less likely to be fully retired	23%	20%
More likely to be semi-retired (accessing a pension or other income sources but still working)	1%	3%
Planning to retire in the next two years	N/a – only asked to those aged 55 and over who are not retired	18%
Less likely to have a residential mortgage	33%	25%
More likely to own their home outright	30%	53%
Less likely to be renting	29%	19%
More likely to be in a couple	63%	71%
More likely to be married or in a registered civil partnership	51%	64%
More likely to be divorced	9%	18%
More likely to have no financially dependent children	71%	90%
More likely to have become the main carer for a close family member in last 12 months	2%	4%
More likely to carry out financial transactions on behalf of someone else	23%	29%
More likely to have experienced the death of a parent in the last 12 months	4%	8%
More likely to have received an inheritance in the last 12 months	3%	4%

Financial lives of 55-64 year olds are polarising, as some remain in work and others retire, but those in retirement are financially resilient

Looking within the 55-64 year old age group, we see some large differences in the financial situation of those in work and those in retirement. Significantly more of those in work have household incomes of £50,000 or more compared with those who have already retired (35% and 15%, respectively). On the flip side, 55-64 year old retirees are more likely to have investable assets of £50,000 or more than those still in the workforce, to have less debt and to be more financially resilient.

In many areas, the 55-64 year olds who are self-employed are notably worse off than those who are employed. They have lower incomes (56% of self-employed 55-64 year olds have annual household incomes of £50,000 or more compared with 60% who are employed), they will be more reliant on the State Pension as their main source of income in retirement (34% of those self-employed will be reliant on the State Pension compared with 28% who are employed) and they are more likely to be over-indebted (15% of self-employed 55-64 year olds are over-indebted compared with 9% who are employed).

Table 6.2 shows the financial situation and characteristics of 55-64 year olds who are employed, self-employed and retired compared with all UK adults.

Table 6.2 Financial situation and characteristics of 55-64 year olds who are employed, self-employed and retired compared with all UK adults

	All UK Adults	All 55-64	55-64 employee	55-64 self-employed	54-64 retired
Annual household income of £50,000 or more	31%	28%	36%	30%	15%
Annual household income of less than £15,000	20%	20%	9%	20%	29%
Paying no income tax	24%	24%	7%	20%	40%
Paying basic rate income tax	62%	63%	74%	63%	56%
State Pension is or will be main source of income in retirement	n/a – only asked to those over 45	30%	28%	34%	17%
Investable assets of £50,000 or more	14%	23%	19%	26%	35%
Investable assets of £1 -£9,999	37%	27%	28%	32%	16%
No investable assets	12%	7%	6%	3%	3%
Mean investable assets	£18,000	£27,000	£25,000	£29,000	£40,000
No unsecured debt (excluding SLC loans)	62%	65%	58%	69%	79%
Mean unsecured debt (excluding SLC loan)	£3,330	£3,300	£4,160	£5,200	£1,290
Demonstrate characteristics of potential vulnerability	50%	46%	38%	43%	53%
In difficulty	8%	5%	4%	6%	3%
Financially resilient	65%	75%	77%	79%	87%
Over-indebted	15%	11%	9%	15%	4%

One in six (16%) 60-64 year olds (within the 55-64 year old age group) say they are already receiving the State Pension, and gender differences in the State Pension age mean the vast majority (95%) of these are women. Given that men should not receive the State Pension until they are 65, the fact that any men think they are getting the State Pension may seem surprising, but it can be explained by the inherent confusion on the part of the consumer when it comes to dealing with pensions.

Product ownership levels have peaked, but for some products (such as PMI, income protection and critical illness cover) ownership rates are falling back

Figure 6.1[41] shows ownership levels of relevant products for 55-64 year olds, assigning these into three categories:

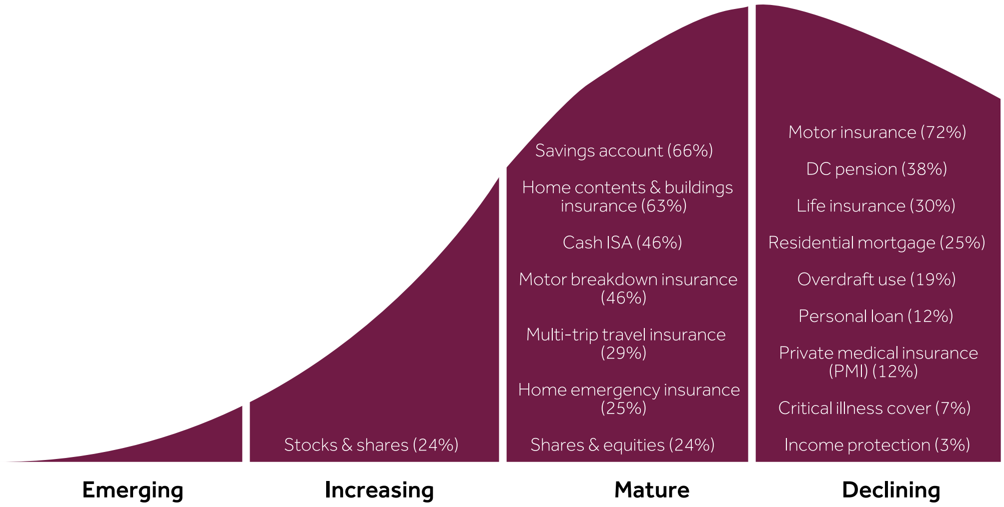
- increasing: higher levels of ownership than younger adults, but still not as high as older adults

41 In Figure 6.1 we report mortgage ownership on the basis of survey question P_M1. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

- mature: this age group shows the highest levels, or very close to the highest levels, of ownership for these products
- declining: ownership levels are lower than for the 45-54s, although some (such as life insurance and motor insurance) are still above the national average

Product ownership levels are typically at maturity or declining for this age group. More have saving products, cash ISAs and share and equities than other age groups.

Figure 6.1 Maturity of product ownership for 55-64 year olds



For products such as PMI, income protection and critical illness cover penetration rates are falling back. One in eight (12%) 55-64 year olds have PMI compared with 16% of 45-54 year olds. Very few (3%) 55-64 year olds have income protection compared with 6% of 45-54 year olds and less than one tenth (7%) have critical illness cover compared with 17% of 45-54 year olds. This may be because age-related premiums are high and people no longer have the benefit of workplace provision. For example, just half (56%) of 55-64 year olds with PMI have it as part of their employment package, compared with 67% of all UK adults with PMI and 75% of those aged 45-54 with this product.

The proportion of 55-64 year olds holding life insurance has also fallen to three in ten (30%), in comparison with over four in ten (44%) amongst 45-54, and continues to drop in the older age groups (19% of 65-74 year olds hold life insurance). As increasing numbers are leaving the workforce, it appears they are also forgoing death in service benefits, leaving a significant minority with no insurance cover for their family in the event of their death.

People are preparing for retirement by reducing debt commitments

Just over one in five (19%) 55-64 year olds have been overdrawn at some point in the last 12 months compared with 30% of 45-54 year olds and 25% of all UK adults. One in six (16%) revolve a balance on a credit card compared with 25% of 45-54 year olds and 19% of all UK adults, and one in eight (12%) have a personal loan, compared with 17% of 45-54 year olds.

This, together with the fact that seven in ten (65%) 55-64 year olds do not have any unsecured debt (in comparison with 53% of 45-54 year olds), and just one in nine (11%) are over-indebted (compared with 16% of 45-54 year olds and 15% of all adults), indicates that people are winding down debt commitments where they can in anticipation of retirement. It appears that some are nearer to their target than others. Self-employed 55-64 year olds are still more likely to be over-indebted than those 55-64 year old who are employed, 15% compared with 9%, respectively.

55-64 year olds already in retirement are even more likely to have no debt than those still in work (79% of retired 55-64 year olds have no unsecured debt compared with 58% of those employed and 69% who are self-employed). That said, one in twenty five (4%) of retirees in this age group remain over-indebted.

Cash savings are still important, but a significant number of 55-64 year olds now have equity-based investments

This age group continues to build up savings. Four in five (78%) 55-64 year olds now have at least one type of savings product (compared with 72% of all UK adults). Savings accounts continue to be the favoured savings product, held by two in three (66%) in this age group, followed by cash ISAs (46%) and premium bonds (32%).

Cash savings levels continue to grow. One in five (19%) 55-64 year olds have £50,000 or more in cash savings, compared with 12% of 45-54 year olds. A further 16% have between £20,000 and £49,999. At the other end of the spectrum, under one in ten (8%) have no cash savings (compared with 14% of 45-54 year olds), while one in five (19%) have cash savings of less than £1,000 (24% for 45-54 year olds).

Four in ten (40%) 55-64 year olds hold an investment product, with a stocks and shares ISAs and direct holdings of shares and equities the most popular (24% of 55-64 year olds hold these products). One in seven (15%) have an investment fund or endowment policy.

Investment levels have risen. One in ten (8%) 55-64 year olds have investments of between £10,000 and £49,999 and 10% have £50,000 or more, compared with 9% and 6% for 45-54 year olds, respectively. The average amount held in investments by all 55-64 year olds is now £18,000 compared with £13,000 for 45-54 year olds. The average 55-64 year old investor has £54,000 compared with £41,000 for the average 45-54 year old investor.

One quarter (25%) of 55-64 year olds report interest from savings as a form of income, compared with 19% of all UK adults and 12% of those who are younger and aged 18-54.

One in ten (11%) 55-64 year olds have a buy-to-let, second home, or other investment property indicating the importance of bricks and mortar as a long-term investment vehicle, compared with 7% of all UK adults and those aged 18-54.

55-64 year olds account for one quarter (26%) of those who have had regulated financial advice in the last 12 months. However, around one in three (36%) 55-64 year olds have not had advice in the last 12 months but might have a need for it.

"The majority of money is with a financial adviser in a portfolio. We have six-monthly meetings which started within the last five years. [I'm] not sure how much [of my money] they have… It's considerable… I'm an only child. Both [my] parents died and I inherited some." Financial Lives Survey 2017 respondent, aged 55-64

DC pension pots are nearing maturity, but combined pot sizes are typically below £75,000

Around one quarter (26%) of 55-64 year olds with a DC pension do not know how much their pension pot is worth, which is disappointing given how close they are to the time when they are able to access these funds. Three in ten (30%) state they have combined DC pots of less than £30,000, one in three (32%) have pots of more than £75,000. One in ten (12%) have pots of more than £250,000.

Those with smaller pots also tend to have few savings. For example, over half (56%) of 55-64 year olds with investable assets of up to £9,999 has DC pension pots of less than £75,000.

Pots are nearing maturity – 6% of 55-64 year olds think they will access their DC pension in the next 12 months, and three in eight (37%) think they will start to take money in the next five years. One in seven (14%) do not know when they want to start taking funds, and a further one in eight (13%) think they will start to access their pension more than 10 years in the future.

55-64 year olds are becoming more cautious with age

55-64 year olds do not feel substantially more knowledgeable about financial matters, or consider themselves to be confident and savvy consumers when it comes to financial services. Under two in five (37%) agree that that they have confidence in the UK financial services sector, compared with two in five (39%) of 45 54 year olds, and confidence continues to increase in the older age groups.

There is also evidence of increasing levels of risk aversion as people get older. Just under half (48%) of 55-64 year olds now strongly agree they would rather be safe than sorry, compared with two in five (39%) of 45-54 year olds. 55-64 year old women are more likely to strongly agree with this statement than men (53% of women strongly agree compared with 43% of men), which has important implications for the decumulation[42] decisions they make when they come to access any DC pensions they may have.

Perhaps as a result of these feelings of uncertainty, lack of confidence and caution, two thirds (67%) now agree they would like to stick to a financial brand they know. This is higher than the three fifths (61%) of 45-54 year olds who feel this way, and this sentiment only gets stronger as people get older (just over three quarters (77%) of those aged 65 and over feel this way). This means that there is a natural tendency to want to stick with their current provider, which could have implications for shopping around in both the annuity and drawdown markets when those with DC pensions start to decumulate.

There is very little difference in how DB and DC pension holders of this age view financial matters and planning for retirement

At this late stage, just over half (52%) of 55-64 year olds have given a lot of thought about how they will manage financially in retirement. In contrast, just over one third (35%) have thought about it a little, and one in eight (13%) have not thought about it at all.

42 See **Glossary of terms** for 'decumulation.'

One in eight 55-64 year olds have not thought about how they will manage in retirement

Bill, age 55-64

Lives with his wife and daughter, currently doing two jobs. Finances are tight. Last year both he and his wife were made redundant.

Household income: £30,000 - £39,999
Housing: renting
Unsecured debt: £5,000
Savings: £0
Investments: £0
Over-indebted: no
Shows characteristics of potential vulnerability: yes
Financial resilience: surviving
Private pension: no
Employment status: employed part-time

Bill on retirement planning

Bill was contacted by a pension provider when he turned 55 about a pension worth under £2,000 which he didn't realise he had and decided to cash it in. He has used this money to pay for day-to-day living costs. This was Bill's only private pension.

The reasons Bill gives for not having a pension is his previous self-employment, and his spending habits and lifestyle. He does not like to think about the future and retirement planning, and he thinks pensions are too complicated. He would not know how to go about starting one if he wanted to, but feels it is all rather too late. He plans to work until he is in his 70s.

"I was self-employed for years and years, travelled around, and I now work part-time for the company I am with now. I'm not even sure if they offer a pension."

"I feel like I'm now quite old at 55 to be thinking about a pension. I believe I can work until I am in my 70s."

"I'm not very good at thinking about the future. I tend to stay in the moment and not think about the future. I always think I will be all right. Age creeps up on you quickly and you always think 'I've got time left and can think about it later.' But now I am 55 I feel I should think about it. It [retirement planning] is all very complicated so you need someone to explain it all to you."

Bill is poorly prepared for retirement – no pension, no savings or investments. He finds retirement planning a complicated subject and has procrastinated for so long that he sees his only option is to keep working into his 70s. Although after years of self-employment he is now employed, he has not asked about pension entitlements from his employer.

55-64 year olds who only have a DB pension are more likely to have given a great deal of thought to how they will manage in retirement compared with those who only have a DC pension (61% compared with 49%, respectively). This is surprising given that the choices that lie ahead are often very different for those with DB or DC pensions. For those with DB only, there are very few decisions to be made when they take an income. The responsibility of making the money last, making investment choices and deciding how much income to take, are mostly out of the individual's hands. But for those with a DC pension, who are not looking to take out an annuity, these are exactly the very difficult decisions that they face.

This apparent lack of forward thinking appears more due to the pressures of day-to-day life rather than present bias. Around a quarter (23%) of those aged 55-64 say they would rather think about today than plan for the future, which is the lowest of any age group, but half (49%) say they never have enough time to get things done.

Those 55-64 year olds with DC pensions only are not as happy with their pension choices as those with DB provision only. Over half (55%) with only DC pension(s) agree they are happy with the choices they have made with their pension arrangements compared with 77% of those with only DB pensions. This, coupled with the relatively small DC pension pots accumulated, and the relative importance of the State Pension as a source of income, seems to result in some DC pension holders not engaging with their financial situation in retirement.

Table 6.3 shows the sentiment and attitudes of 55-64 year olds about retirement planning in comparison with all UK adults and those with DB, DC and no private pension provision.

Table 6.3 Attitudes about retirement planning among 55-64 year olds in comparison with all UK adults and those with DB, DC and no private pension provision

	All UK adults	All 55-64	No private pension	Hold only DB pensions	Hold only DC pensions	Hold both DB and DC pensions
Happy with the choices they have made with their pension arrangements	48%	58%	46%	77%	55%	74%
Given a great deal of thought to how they will manage financially in retirement	25%	50%	45%	61%	49%	72%
Not really thought about how they will manage financially in retirement	35%	13%	23%	5%	11%	1%
Rather think about today than plan for the future	28%	23%	30%	13%	19%	9%
Rather be safe than sorry	78%	83%	84%	88%	79%	83%
Keep putting off retirement planning because they are afraid they will make the wrong decision	19%	18%	19%	18%	19%	12%
Expect the State Pension to be main source of income	29%	33%	51%	16%	29%	11%

Most DC pension holders have little idea for how long they need to make their money last

There is a crucial difference between those with DB pensions and those with DC pensions who choose not to take out an annuity. With DB there is a known income for life, whereas with DC the individual has responsibility for making their money last. A critical question, therefore, is how long do they expect to live?

Those 55-64 year olds who were willing to make an estimate as to how long they expected to live predicted an average age of 83 years, which is a few years below the current actuarial position. This also masks a wide variation in expectations. Half (50%) expects to live to 80 or less, significantly under-predicting longevity, while just 7% expect to live to 90 or beyond, way below the 40%-50% or so who can expect this in reality. Just 4% expect to reach 100, again way below the 10% or so who can expect to reach this milestone.[43]

These figures suggest that many adults underestimate longevity risk when making their retirement income decisions. They may be more likely to focus on maximising income in their early years of retirement and less likely to factor in costs associated with later life, such as long-term care.

Over-predicting longevity may not be a problem in itself, as DC pension money left on death can be passed on to dependents. But under-spending during retirement years may not be beneficial, particularly for those who will have relatively limited incomes in retirement to meet their day-to-day living expenses.

Many who have already started to take an income from their DC pension are quite confused about what they have done

Two in five (41%) of those aged 55-64 who are receiving an income or have taken a lump sum from their DC pension are still employed and a further one in six (17%) are self-employed. This clearly demonstrates that accessing DC pension money is not particularly related to retiring from work completely.

Given they are not totally reliant on their DC pension income yet, this may possibly explain why so many are confused about their decision. Table 6.5 shows that around a quarter (23%) say they are not sure how (e.g. through an annuity, income drawdown or UFPLS) they have taken money out of their DC pension and this drops to one in six (18%) who have accessed a DC pension in the last two years.

Despite this uncertainty, what is clear from our data is that is that those who have made a decision in the last two years since the pension freedoms came into effect, are less likely to say they have purchased an annuity. They are therefore taking on personal responsibility for managing their DC pension money throughout the rest of their life.

Table 6.4 shows the decumulation decisions 55-64 year olds who have accessed their DC pension(s) say they have made.

43 "What are your chances of living to 100?", ONS life expectancy statistics, January 2016: visual.ons.gov.uk/what-are-your-chances-of-living-to-100/

Table 6.4 Decumulation decisions 55-64 year olds who have accessed their DC pension(s) say they have made

	All who have decumulated	Decumulated in the last two years
Annuity	30%	19%
Income drawdown	17%	23%
UFPLS	10%	15%
Total encashment	16%	28%
Not sure	23%	18%
None of these	10%	0%

For many 55-64 year olds who have decumulated a DC pension in the last two years, flexibility is more important than having a guaranteed income for life. Over two in five (43%) say they would prefer to have flexibility to choose how much of their pension they take throughout their retirement and are willing to risk that they might run out of money in the long term. One in ten (13%) want to take their entire pension in the first few years of retirement, or even before they give up work, and is less worried about keeping money for the long term. While just one in four (25%) prefer their pension to provide them with a guaranteed income for life and is willing not to have access to their pension to take more or less money when they want.

Interestingly these preferences are very different to those held by their older counterparts. Under one in four (23%) 65-74 year olds who have accessed a DC pension in the last two years prefer flexibility, while three fifths (60%) prefer a guaranteed income for life.

Most (87%) 55-64 year olds who decumulated a DC pension in the last two years said that they understood their options well or to some extent. Two in five (42%) had really thought about how their outgoings would change as they go through retirement, and one quarter (22%) had not thought about this possibility at all.

On probing, many of those who have made a recent decision about accessing their DC pension did not understand the product features of annuity, drawdown and UFPLS well, and there was considerable confusion about what features related to each. Taking the case of a single life annuity:

- one in seven (14%) thought that with a single life annuity there was the risk that the value of their fund could go up or down
- one in eight (12%) thought that with a single life annuity they could leave their pot to someone when they died
- three in ten (31%) said they had never heard of a single life annuity
- only half (51%) knew that this option would give them a guaranteed income for the rest of their life

There are also misconceptions with income drawdown. One in ten (10%) thought it gave a guaranteed income for life and just two in five (42%) identified that there would be the risk that the value of their fund could go up or down.

Although based on quite a small sample size, there is indicative and encouraging evidence to suggest that those who entered into drawdown were slightly better at recognising the features of each option than those who bought an annuity.

A third have accessed information or guidance in the last 12 months

Table 6.6 shows that a third (36%) of 55-64 year olds have used a source of information or guidance in the last 12 months to help them with investments, saving into a pension or retirement planning. The most popular sources are websites and the media.

Fewer than one in ten (7%) of all 55-64 year olds have used the Pension Wise service[44] in the last 12 months. This figure only increases slightly for those who are planning to retire in the next two years (8%), to one in eight (13%) of 55-64 year olds who plan to retire in the next two years and have a DC pension, and to one in seven (14%) of those holding both a DB and DC scheme.

Table 6.5 shows the sources of information or guidance used by 55-64 year olds in the last 12 months.

Table 6.5 Sources of information or guidance used by 55-64 year olds in the last 12 months

	All 55-64 year olds	Planning to retire in next two years	Planning to retire in next two years with a DC pension
Any information or guidance	36%	48%	54%
Pension Wise	7%	8%	13%
The Pensions Advisory Service (TPAS)	8%	10%	17%
Other government/consumer website(s) or services (e.g. Money Advice Service, Citizens Advice, GOV.UK)	12%	19%	25%
Website or other literature from a bank, building society or other insurance, investment or pension provider	12%	17%	23%
Private sector money advice websites (e.g. moneysavingexpert.com, moneysupermarket.com, Which?)	11%	13%	17%
Media/newspapers or their websites (e.g. Daily Mail, Guardian, BBC)	12%	15%	17%
Any information or guidance provided at your workplace (other than through an adviser)	7%	8%	6%

Three in ten (28%) do not know where to look for a financial adviser

One in ten (11%) 55-64 year olds, or 0.8 million people, have received regulated financial advice related to investments, saving into a pension or retirement planning in the last 12 months. This was the second highest rate of any age group (after 65-74 year olds at 13%). However, of the 89% of 55-64 year olds who have not received regulated financial advice in the last 12 months, their financial circumstances suggest that over two fifths (42%) might have a need for it. This equates to 36% of all adults aged 55-64, or 2.7 million people.

44 www.pensionwise.gov.uk.

When asked for their thoughts on paying for advice, half (50%) of 55-64 year olds would be willing to pay for advice if the costs were reasonable. Not surprisingly, this figure jumps to 80% for 55-64 year olds who have had regulated financial advice in the last 12 months.

When asked to consider the attractiveness of investment advice at specific price points, just over half (53%) of 55-64 year olds who have not had advice but might have a need for it would not pay for advice from a regulated financial adviser at any price. Around three in ten (28%) say that advice would represent good value for money only if it was offered at £100 or less, and a further 10% say advice would be good value for money at a price point of £250. Just 8% would see advice as good value for money at a price point of £500 or more.

Around three in ten (28%) 55-64 year olds say they would not know where to look for a financial adviser, compared with 34% of all UK adults who feel this way. Around one in three (34%) 55-64 year olds trust advisers to act in the best interests of their clients, which is marginally lower than for all UK adults (36%), but still represents a significant proportion.

Furthermore, one in five (19%) 55-64 year olds agree that financial advice is only suitable for those with a large amount of money to invest, which is not materially different to how all UK adults feel (22% share this sentiment).

This age group are reluctant to explore online advice possibilities. Today, only a quarter (24%) of the 55-64 year old age group would consider online advice, compared with 32% of all UK adults. This may be explained in part as although the vast majority (90%) use the internet, only a quarter (25%) of internet users in this age group would rate themselves as excellent users, compared with 45% of all internet-using UK adults. However, there are signs that the take up of online advice may improve in the coming years, as the proportion of those willing to consider it rises to 31% among 45-54 year olds, and to 34% among 35-44 year olds.

A third of 55-64 year olds have experienced an unsolicited approach about a pension or investment in the last 12 months

This age group are prime targets for pension scams, one in three (30%) have received an unsolicited approach about a pension or investment in the last 12 months. Of those who have received these offers, one twentieth (5%) have responded to them. This amounts to 107,000 people in this age group who have potentially been the subject of a scam.

"I do prefer a letter. With phone calls you can never be sure who that person is… A piece of paper, which is headed, I can trust. People who phone me, you can never know who they are, and at that time [of my divorce] I felt quite vulnerable." Financial Lives Survey 2017 respondent, aged 55-64

Table 6.6 shows the percentage of 55-64 year olds who have experienced an unsolicited approach about a pension or investment in the last 12 months.

Table 6.6 Percentage of 55-64 year olds who have experienced an unsolicited approach about a pension or investment in the last 12 months

	55-64 year olds
Request to access pension/chance to get money from pension/offers to take advantage of pension	16%
Someone offering the chance to make investment/offer to buy shares	8%
Calls, emails, texts claiming to be from the Government/offer of a free pension review	22%
None of these	63%
Don't know	7%

7 65 year olds and over

Summary

Just under one quarter (22%) of UK adults are aged 65 and over. Overall, one in fifty (2%) are the oldest old (defined as those aged 85 and over) and this proportion is forecast to grow as the baby boomer generation matures and life expectancy improves.

Most (86%) people aged 65 and over are retired and living off a fixed income and their accumulated savings. The State Pension provides an important underpin, but many in this age group also have the benefit of a DB pension to provide a secure, known income for the rest of their life. Levels of debt have diminished considerably by this age in comparison to younger age groups.

Most (83%) of those aged 65 and over have no unsecured debt, while the mean amount of unsecured debt for this age group, including those with no debt, is just £1,130, compared with 53% and £4,140, respectively, for those aged 18 to 54. The 65 and over now tend to use credit for convenience (and possibly consumer protection) rather than as a way to live above their means.

High rates of home ownership (78%) mean that many in this age group are asset-rich but cash-poor. Despite this, they are managing to live on what they have. They have the lowest proportion of people in difficulty (1%) of any age group.

Conversely, a concentration of wealth in the older age groups means that some have accumulated significant assets over their lifetime and may benefit from some financial advice.

On the whole, older adults are more confident managing their money than their younger counterparts, and confidence only really starts to diminish from the age of 85 onwards. On average, they are also significantly more satisfied with their overall financial circumstances than any other age group. Despite this, they are far more likely to say they like to stick with a financial brand they know compared with younger adults (77% compared with 65% for all UK adults), suggesting that this confidence does not translate to a willingness to deviate from well known household brands.

Three fifths (60%) of all adults aged 65 and over demonstrate characteristics of potential vulnerability, increasing to well over two thirds (69%) among those who are 75 and over.

Financial life story

Phased retirement is coming to an end and the vast majority have taken the final step to leave the labour force completely

The vast majority of adults aged 65 and over are fully retired (86%, or 9.8 million people). A further 3% (or 0.3 million people) are semi-retired, i.e. drawing a pension or other income source but still working in some capacity (but not necessarily paid). Those still working are more likely to be aged 65-74 (16% of adults aged 65-74 are still working, compared with 3% of adults aged 75 and over), and more likely to be men than women (13% of men aged 65 and over are still working, compared with 8% of women).

Working patterns for this age group have changed dramatically. Of adults aged 65 and over still in work, two fifths (40%) are self-employed and over half (51%) are working part-time, either for an employer or for themselves. In contrast, just 11% of working adults aged 18-54 are self-employed, and just 21% work part-time. For adults aged 55-64, the corresponding figures are 20% and 28%, respectively.

Almost half (47%) of adults aged 65 and over who are still employed intend to stop working in the next two years, compared with only one third (33%) of the self-employed. This reflects the changing nature of working patterns in this age group.

Around four in five (78%) of those aged 65 and over who plan to continue working beyond two years have no pension, but affordability does not appear to be the key driver for not retiring. Over seven in ten (72%) in this age group own their own home outright and therefore have no mortgage commitments. Seven in ten (70%) have no unsecured debts and one in three (34%) have investable assets of £50,000 or more. Seven in ten (71%) of those aged 65 and over and still in self-employment do not see the State Pension as their main source of income in retirement (just 21% think this will be the case), although those who are employed have a more mixed view (51% and 42%, respectively).

Given the high proportion of adults in this age group who have retired, it is perhaps not surprising that household incomes are far lower than adults of working age. For example, over one third (35%) of adults aged 65 and over have an annual household income of less than £15,000, and this figure increases to 42% for adults aged 75-84 and to 59% for adults aged 85 and over. In contrast, just 15% of adults aged 18-54 have a household income under £15,000.

At the other end of the income spectrum, just 13% of adults aged 65 and over have an annual household income of £50,000 or more, falling slightly to 8% for adults aged 75-84 and to 9% for adults aged 85 and over. In contrast, almost two fifths (37%) of adults aged 18-54 have a household income of £50,000 or more.

These figures are also reflected in the averages. The mean household income for adults aged 65 and over is £29,000 (£33,000 for 65-74 year olds, £24,000 for 75-84 year olds and £22,000 for those aged 85 and over). This compares with £51,000 for adults aged 18-54.

The State Pension is an important income source for many adults in this age group. Nine in ten (93%) are receiving an income from the State Pension, or someone else in their household is, while half (49%) of those 65 and over say the State Pension is their main source of income in retirement. Well over two thirds (71%) say they or someone else in their household receives an income from a private pension other than the State Pension. Other important income sources include interest from savings (34%), Disability Living Allowance (7%) and housing benefit (6%).

Those aged 65 and over have the highest levels of satisfaction with their financial lives, and very few are currently struggling to meet their financial commitments
Despite their lower than average household incomes, around one in three (36%) of 65-74 year olds are highly satisfied with their financial situation, and satisfaction levels continue to rise across the older age groups.

Those aged 65 and over may have good reasons to take this view. Very few (1%) are in difficulty. A further one in six (18%) are surviving. This is the lowest of any group. Around three in four (73%) of the 65-74 year olds, rising to five sixths (84%) of the 85 and over do not think that keeping up with bills and credit commitments is a burden and fewer than 5% think it is a heavy burden. Four fifths (81%) of retirees aged 65-74 say that they do not have any difficulty paying day-to-day expenses since they retired.

There are a number of reasons why older people might be in this positive financial position, despite their lower household incomes. Their outgoings may simply be lower than younger adults; they may be better at managing their money; they may have a fear of falling into debt when living off a limited fixed income, or they might have built a savings buffer which they have not yet run down.

However, failing health means that the very oldest in this age group need help with the activities of daily living. The proportion of people with financial commitments associated with long-term care does not increase notably until the age of 85, where it jumps to one in ten (10%). For those who are not entitled to subsidised social care, this can mean a significant increase in outgoings. At present, very few (less than 0.5%) of the 85 and over group are in difficulty, and four in five (81%) are financially resilient – a similar proportion as those aged 65-74 (82%).

Table 7.1 shows selected demographics and characteristics of those age 65 and over in comparison with all UK adults.

Table 7.1 Demographics and characteristics of those aged 65 and over compared with all UK adults

Compared with all UK adults	All UK adults	65-74	75-84	85+
More likely to be fully retired	23%	79%	95%	96%
More likely to be semi-retired (accessing a pension or other income sources but still working)	1%	4%	1%	1%
More likely to own their home outright	30%	73%	70%	67%
Less likely to be renting	29%	16%	19%	19%
Less likely to have a residential mortgage	33%	8%	5%	2%
In a couple	63%	67%	50%	29%
More likely to be widowed	7%	13%	36%	65%
More likely to have a physical or mental health condition lasting or expected to last for 12 months or more	24%	39%	49%	59%
More likely to have experienced the death of a partner in the last 12 months	1%	2%	2%	3%
More likely to have financial commitments associated with long-term care	4%	5%	4%	10%
Less likely to have an annual household income of £50,000 or more	31%	16%	8%	9%
More likely to have a household income of less than £15,000	20%	29%	42%	59%
More likely to demonstrate characteristics of potential vulnerability	50%	53%	66%	77%
Less likely to be in difficulty	8%	2%	1%	0%

While confidence in financial matters generally increases with age, this trend reverses in older age

Almost half (47%) of those UK adults aged 75 or over are very confident in managing their money, which is similar to those aged 65-74 (44%) and a little better than those aged 55-64 (41%).

It is only after age 85 that we see a change in how confident people feel about their finances. Three in ten (31%) adults aged 85 and over have low confidence levels. Just over half (52%) of those aged 85 and over have low levels of financial knowledge. At this stage in life, most (85%) of those aged 85 and over prefer to stick with a financial brand that they know.

Levels of debt have diminished considerably by age 65, but a small minority are struggling to cope

Adults aged 65 and over have the lowest credit use of any age group, with the exception of adults aged 18-24. Overall, two thirds (65%) of those aged 65 and over hold at least one credit or loan product now or in the last 12 months, compared with over three quarters (77%) of adults aged 18-54. Beyond 65, credit use declines with age. For example, just one third (35%) of adults aged 85 and over use credit.

On average, UK adults aged 65 and over have £1,130 of unsecured debt, including the 83% of UK adults who have no debt (this figure rises to £7,890 when excluding those with no debt). This compares to £4,140 for 18-54 year olds. Motor finance agreements and personal loans (including loans to purchase a motor vehicle) account for three quarters of this figure, while credit and store cards account for under one fifth.

Table 7.2 shows debt levels of those aged 65 and over compared with all UK adults.

Table 7.2 Levels of debt of those aged 65 and over compared with all UK adults

Compared with all UK adults	All UK adults	65-74	75-84	85+
More likely to have no unsecured debt	56%	80%	85%	98%
Less likely to have unsecured debts of £5,000 – £9,999	7%	3%	3%	0%
Less likely to be currently overdrawn	9%	3%	1%	0%
Mean unsecured debt is lower	£3,320	£1,580	£720	£10

A minority of those 65 and over are struggling to cope

Ted, age 65+

Has been retired for 4-5 years. He lives in a rented property having given his house to his wife when they divorced. He has long-standing health issues, suffering with arthritis and heart fibrillations.

Household income: £15,000 - £19,999
Housing: renting
Unsecured debt: approximately £5,000
Savings: £0
Investments: £0
Over-indebted: yes
Shows characteristics of potential vulnerability: yes
Financial resilience: in difficulty
Private pension: defined contribution pension
Employment status: retired

Ted on his debts

Ted has income from the State Pension, three small private pensions and a PIP (Personal Independence Payment) for his long-term health issues. He has a number of credit card debts and a home collected loan which he is struggling to pay. He describes his money management as 'pretty chaotic'. Ted believes he is in debt due to taking on his wife's debts as part of their divorce arrangements, but also by being tempted by credit cards to spend more than he should. He took a home collected loan, as all his money was going towards his debts and paying bills and he had nothing left for himself. At first he paid his loan as agreed, but then he borrowed more and now he can no longer afford the repayments.

"They [credit card providers] all used to offer them with loads of credit. It was all too tempting... Once your borrowed money has gone, it's gone."

Ted's debts have had a negative impact on his health and have led to depression. He finds it hard to stick to repayment plans, as he does not have enough money to keep up. He often repays a small amount to stop lenders from contacting him for a short while. He has an arrangement with a debt management company for two or three of his debts, but he does not want to go down this track for the latest debt he has acquired. He feels he is in an impossible position and does not think he will ever clear his debts.

"I find it hard to stick to the arrangements set, so you get a phone call. I have to treat the debts as optional, because I know how much I need to live each month."

"I only respond when I am being pressured. I get texts virtually every day asking for me to call them. When I get sick of it, I pay them just what I can spare at that time, maybe £20 or so."
"I feel I would have to die to clear the debts."

Since his divorce Ted rents and his debts have spiralled. Dealing with his debts has been unstructured and has had a bad impact on his health. He has used debt management services, but does not wish to do so for further debts. He is unaware of free debt advice and management services. Consequently, he has no plans to manage these debts and does not think he will ever clear them.

While many hold a credit or store card, very few revolve a balance

Two thirds (67%) of 65-74 year olds hold a credit card, slightly higher than the average for all UK adults (62%). The vast majority repays their balance in full every month; for example, 83% of 65-74 year olds repay their full statement balance every month and 6% repay their full statement balance most months. It is a similar story for store cards, one fifth (19%) of 65-74 year olds hold a store card (compared with 15% of all UK adults), and 86% repay their statement balance every month and 5% repay their full statement balance most months.

Turning to those aged 85 and over, this group is significantly less likely to have a credit or store card, for example, only one in three (34%) have a credit card and only one in ten (9%) have a store card. Again, only a tiny minority of cardholders 85 and older do not pay off their statement balance in full every month [6%].

Looking at those aged 65 and over who are not paying off their credit card balance in full every month or most months, over one quarter (28%) are still working, and one fifth (20%) are not the main income earner. Five in eight (63%) say that they are a savvy consumer, which may indicate that some are making use of zero or low balance transfer deals. Nearly one in two (48%) do not think that their credit commitments are a burden.

Under one in ten (7%) have been overdrawn in the last 12 months

Almost one in ten (7%) adults aged 65 and over have been overdrawn in the last 12 months, although this figure drops to 3% of those aged 75 and over. Around two in three (64%) of those aged 65 and over who have been overdrawn in the last 12 months are retired: four in five (81%) do not have a private pension and are therefore living on a fixed income from the State.

Of those adults aged 65 and over that have been overdrawn in the last 12 months, three in ten (29%) are overdrawn at the moment, owing £1,160 each on average. Just 2% of all adults aged 65 and over are overdrawn at the moment. The mean amount owed by all 65 and over including those with a nil balance is just £20.

Of those adults aged 65 and over who have been overdrawn in the last 12 months, most (87%) are operating within agreed overdraft limits. Of those currently overdrawn, 19% are in difficulty financially, failing to pay domestic bills or to meet credit commitments in three or more of the last six months. Three in ten (29%) are surviving.

Motor finance is still a popular choice for vehicle purchases

One in twenty (5%) adults aged 65 and over is using motor finance to purchase a vehicle. While this is below the average for all UK adults (10%), motor finance accounts for a far larger proportion of borrowing within this age group compared with the UK average (motor finance makes up 31% of unsecured debt (excluding SLC loans) for over 65s compared with 23% for all UK adults).

Within this age group, the majority of motor finance agreements are held by adults aged 65-84. Very few adults aged 85 and over have a motor finance agreement (less than 1%). This may reflect that the early years of retirement are still reasonably active, whereas in the later years of life it may become increasingly difficult to drive and maintain a car; around seven in ten (67%) 65-74 year olds have motor insurance, but this falls back to just one third (31%) for those aged 85 and over.

A significant proportion of people who use motor finance are making a choice to access this form of credit rather than using it out of necessity; the vast majority, 90%, are financially resilient and a significant proportion (38%) have investable assets of £50,000 or more. On the flip side, three in ten (30%) have investable assets of less than £10,000, so buying a car outright may deplete most or all of these savings.

One in nine of interest-only mortgage holders are 65 and over

Seven in ten (71%) of those aged 65 and over own their home outright, but a significant proportion (6%) still have a mortgage outstanding. Of those with an outstanding mortgage, seven in ten (71%) are in a couple, and therefore may have an additional source of income from their partner to help cover the costs. One quarter (26%) are still working themselves, and two thirds (66%) are the main income earner in their household.

Those aged 65 and over with a mortgage are significantly over-represented when it comes to interest-only mortgages. They make up one in nine (11%) of all interest-only mortgage holders, whereas overall they are just 3% of the mortgage-holding population.[45]

Equity release has yet to become a mainstream product, and downsizing to release funds is not a common event

Almost half (45%) of those aged 65 and over own a property that is worth more than £250,000. Very few (just 2%) of those 65 and over have moved house in the last year.

Just 1% of 65-74 year olds and 2% of those 75 and over have a lifetime mortgage. Overall, this equates to fewer than 150,000 people.

The vast majority have accessed a pension

Working life is over for the vast majority; most (86%) of those aged 65 and over are retired, rising to 95% for those 75 and over. They are no longer earning an income through paid employment and are reliant on the financial resources they have built over their lifetime or on state provision.

Two fifths (38%) of those aged 65-74 have the security of a DB pension income, but this falls off to just one in four (24%) for those aged 85 and over. Most of those with a DB pension in this age group are already in receipt of an income from their DB pension.

Over one quarter (27%) of adults aged 65 and over say that they are in receipt of an income or have taken a cash lump sum from a DC pension or pensions, while 10% say that they have a DC pension which they have not yet accessed.

Two fifths (39%) of those 65 and over who have ever accessed a DC pension are unsure how they did so. Under half (45%) believe they have taken out an annuity, a figure likely though to be an underestimation of those who did so given the level of stated uncertainty. Most of those aged 65 and over who have decumulated a DC pension did this more than two years ago (only 15% have taken out an annuity in the last two years) and therefore have not been affected by the new pension freedoms. Just one in nine (11%) of those aged 65 and over are in income drawdown.

45 Here we report mortgage ownership on the basis of survey question P_M1. See the introduction to Appendix 1 (**Product ownership**) for an explanation of the difference between survey questions D13 and P_M1.

Currently less than 5% of those aged 65 and over are not yet retired, but this proportion is expected to increase in the future as fewer people in their 40s have the underpin of a DB pension to rely on in retirement, and they have also missed out on the benefits of early auto-enrolment into a DC pension.

Of those aged 65 and over who are not yet retired, half (49%) have no intention to retire in the next two years. Five in eight (63%) of these people have no private pension, but a quarter (25%) will be able to access a DC pension at some point, and a further 10% report they have a DB pension.

Most (74%) retirees are happy with the pension decisions they have made, but three in ten (29%) are worried that they might not have enough money to last
Three quarters (74%) of those aged 65 and over who have retired are happy with the choices they have made with their pension arrangements. Men (79%) of this age are more likely to be happy than women (69%).

Three in ten (31%) 65-74 year olds who are retired are worried that their money might not last them through their retirement, falling to a quarter (24%) of those 85 and over. Around two in three (64%) of those aged 65 and over who expressed this concern currently rely on the State Pension as their main source of income, and around a third (35%) have less than £10,000 in investable assets. Despite these worries, over one third (36%) of those retirees aged 65 and over who expressed this concern say that they are highly confident at managing their money and just over three fifths (62%) say that they are at least moderately satisfied with their overall financial situation.

Table 7.3 shows the financial situation of those aged 65 and over regarding their pension and retirement plans, in comparison with all UK adults.

Table 7.3 Financial situation of those aged 65 and over regarding their pension and retirement plans, in comparison with all UK adults

	All UK adults	65-74	75-84	85+
Receiving income from a DB scheme	10%	34%	26%	19%
Decumulating a DC scheme	9	31%	23%	19%
Retired and State Pension is main source of income	n/a	46%	50%	56%
Retired and worried about having enough money to last	n/a	31%	26%	24%
Retired and needed to work longer than they had hoped to fund retirement	n/a	17%	12%	12%
Retired and have difficulty paying for day-to-day expenses	n/a	10%	12%	11%
Retired and wish they had spent more time planning finances for retirement	n/a	34%	27%	21%

Wealth is highly concentrated in 65 and over age group and a significant proportion might need financial advice[46]
Beyond pension savings not yet accessed, many adults aged 65 and over have accumulated significant savings and investments which they have not yet depleted.

Looking first at cash-based savings; one quarter (24%) of adults aged 65 and over have £50,000 or more, while almost two fifths (37%) have £20,000 or more. Just one in twenty (5%) have no cash savings at all. Seven per cent do not know how much savings

46 See **Glossary of terms** for 'might need regulated financial advice.'

they have, with people aged 85 and over significantly more likely not to know compared with adults aged 65-74 and 75-84 (17% compared with 4% and 9%, respectively).

Over three quarters (76%) of all adults aged 65 and over have a savings account, and a further 6% do not have a dedicated savings account because they use their current account, Post Office card account or e-money account for saving instead. The most popular savings products held among this age group are savings accounts with a bank or building society or NS&I (60%), cash ISAs (45%) and premium bonds (36%). Those aged 65-74 are more likely to have a cash ISA than their older peers (49% of 65-74 year olds have a cash ISA, compared with 36% of those aged 85 and over), but the older age group is more likely to have a Post Office card account (3% of 65-74 year olds have this product, compared with 9% of those aged 85 and over).

Of those adults aged 65 and over with any type of savings account, seven in ten (72%) have added to their savings over the past year and two in five (38%) usually save every month. Overall, this means that just over half (56%) of all adults aged 65 and over (i.e. including those with no savings account) are still saving, while three in ten (30%) usually save every month. Even amongst those who have retired in this age group, these figures do not change much; just over half (55%) of all adults aged 65 and over who are retired are still saving, while three in ten (29%) usually save every month.

These figures do change a little across the income spectrum. For example, well under half (44%) of all adults aged 65 and over with a household income of less than £15,000 are still saving, while one fifth (22%) usually save every month, compared with seven tenths (71%) and over one third (35%), respectively, for those with a household income of £50,000 or more.

The most common reasons given for saving, by those aged 65 and over, are to provide an income for retirement (49%), to cover short-term expenses such as a holiday (30%) and to leave an inheritance (23%). Most (77%) of those 65 and over prefer to hold their savings in cash.

For the minority happy to take more risk, the propensity to hold investments diminishes with age; 44% of the 65-74 year olds have at least one investment product, compared with 33% of those aged 85 and over.

Increased wealth levels mean that this age group is more likely to have had regulated financial advice than their younger counterparts, or are likely to have a need for it. Here, one in ten (10%) of those aged 65 and over have had regulated advice in the last 12 months in relation to investments, saving into a pension or retirement planning, and just over one third (35%) have not had advice, but might have a need for it. Although those 65 and over make up 22% of the UK adult population, they account for just over one third (35%) of all those who have had financial advice in the last 12 months.

Three fifths of UK adults aged 65 and over are potentially vulnerable consumers
Three fifths (60%) of all adults aged 65 and over demonstrate characteristics of potential vulnerability, increasing to well over two thirds (69%) amongst those 75 and over, and to over three quarters (77%) for adults aged 85 and over.

Bereavement also has the potential to leave many women over 65 in a potentially vulnerable financial position

Over one quarter (26%) of all adults aged 65 and over are widowed, and this figure rises to over two fifths (43%) for adults aged 75 and over. In the last year, one in fifty (2%) have experienced the death of a partner, rising to 3% for adults aged 75 and over. These figures are higher for women than men; one third (34%) of women aged 65 and over and over half (55%) of women aged 75 and over are widowed (compared with 16% and 28% for men, respectively).

A significant proportion of women in this demographic group currently delegates all or much of their financial decision-making to their spouse, partner or another adult. A fifth (20%) of women aged 65-74 and 30% of women aged 75 who are living in a household with at least one other adult deal with their financial affairs in this way. This compares to just 4% and 8% for men, respectively. Almost half (47%) of women aged 65 and over are in single person households. This means that the death of their partner not only has a financial impact on the household, but many may be thrust into making financial decisions at a very difficult time of their lives.

Despite increasing issues with mobility, this does not appear to affect the ability to access basic banking services

Over four in ten (44%) adults 65 and over have a physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more, but only one in nine (11%) say that their ability to carry out day-to-day activities is reduced a lot by their condition. For these people, mobility is by far the most common issue. For example, almost half (47%) say they have problems walking short distances or climbing stairs.

Despite this, most (90%) adults aged 65-74 (with a physical or mental condition or not) say that it is easy for them to get to a Post Office. The 75s and over struggle a little more; four fifths (79%) of adults aged 75-84 still find it easy, but this figure drops dramatically to half (55%) for adults aged 85 and over.

The picture for banks and cash points is very similar. Over four fifths (83%) of those aged 65-74 with a day-to-day account who have used a branch in the last 12 months say that their bank branch is convenient for them. Just one in seven (14%) of those aged 65-74 with a day-to-day account who have not used a bank branch in the last 12 months have seen a branch they used to use close recently.

The vast majority of adults aged 65 and over have not experienced fraudulent activity, and many are not comfortable using increased security measures

Three tenths (29%) of adults aged 65 and over and almost two fifths [38%] of adults aged 85 and over have shared their personal account details with someone else, typically with a spouse, family member or friend (compared with 26% of adults aged 18-54). However, those aged 65 and over are the least likely group to have experienced any potentially fraudulent activity – the vast majority (99%) indicate they have not had money taken from their account without permission, and over nine tenths (93%) have not received a request to transfer money or confirm a PIN.

Only very few (2%) of those aged 65 and over with a current, savings or e-money account used as their day-to-day account have used an authentication security feature (such as voice verification, an iris scan or fingerprint authentication) on their day-to-day account in the last 12 months, compared with one in ten (10%) of the UK population. Nearly one in two (48%) of those aged 65-74 who have not used such a feature would feel comfortable doing so, but this drops to just a quarter (26%) for those aged 85 and over.

Older adults may lose out as online increasingly becomes the dominant channel for basic financial activities

Virtually all (98%) adults aged 18-54 use the internet, and most use it every day (83%) or most days (9%). However, internet use amongst older adults is still below these levels. For example, while many 65-74 year olds have embraced internet technology, and are using it in a similar way to the rest of the UK population, a not insignificant minority (22%) never use the internet. There is a marked drop in online activities beyond this age. For example, almost half (46%) of adults aged 75-84 never use the internet, and almost three quarters of all adults aged 85 and over never use it.

Older adults also have little confidence in their internet skills. Of those adults aged 65 and over that use the internet, just half (49%) rate their ability as good or excellent, compared with over nine in ten (89%) adults aged 18-54. Confidence is even lower amongst the oldest adults; just two fifths (39%) of internet users aged 75-84 and three tenths (31%) of internet users aged 85 and over rate their ability as good or excellent.

Table 7.4 shows the online banking activity and use of contactless payments of those aged 65 and over compared with all UK adults.

Table 7.4 Online banking activity and use of contactless payments by those aged 65 and over compared with all UK adults

	All UK adults	65-74	75-84	85+
Checked balance online in the last 12 months	75%	62%	32%	25%
Paid bills online in the last 12 months	72%	59%	25%	9%
Transferred money to another account online in the last 12 months	77%	73%	43%	19%
Used contactless payments	63%	49%	32%	15%
Received or sent money using Paypal	45%	27%	16%	2%

8 Product ownership, assets and debts

Appendix 1 (**Product ownership**) of this report details the proportions and profiles of UK adults with one or more of around 70 financial products that fall within the FCA's remit. It also covers some areas (such as SLC loans) which are not regulated by the FCA:

- product holders are profiled by gender, age, working status, being in a couple, being married or in a civil partnership, property status, internet use, tax bracket, over-indebtedness, and by whether they show characteristics of potential vulnerability

The survey estimates the proportion and number of UK adults holding products in their own name or in joint names. It does not:

- estimate the number of products held by UK adults, where holding multiple products (such as savings accounts or cash ISAs) is possible
- identify how many people are covered by a product not held in their own name or joint names, e.g. some people may have home contents insurance or motor insurance cover, but on a policy held by a parent

This chapter reports on the financial products UK adults hold, covering:

- credit products
- residential mortgages
- savings and investments
- pensions
- general insurance and protection

In so doing, we also report on assets, mortgage debt and other credit debt.

Credit and debt

Overall credit product holdings

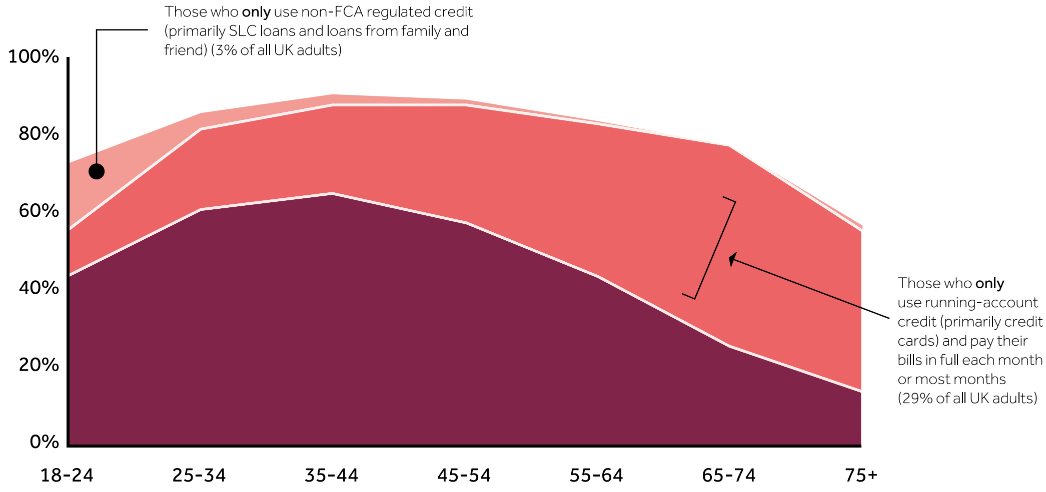
- The majority (75%) of UK adults have had one or more credit products or loans in the last 12 months
- Among this group, 29% only use credit cards, store cards, catalogue credit, or a mix of these, *and* pay off their bills in full every month or most months
- Another 3% only use non-regulated credit, principally SLC loans and loans from friends and family

As captured in Figure 8.1, in this section we look first at those using credit of any kind. We then exclude those only using credit not regulated by the FCA (such as SLC loans). Then we exclude those who only use credit products (chiefly credit cards) as a way of managing their money *and* do not revolve a balance month to month. Table 8.1 provides the supporting statistics.

Over three quarters (78%) of all UK adults hold at least one credit or loan product now or have done so at some point in the last 12 months. This figure includes motor finance, personal loans and other FCA-regulated consumer credit products, as well as non-FCA regulated loans (i.e. loans from family or friends, loans from unregistered money lenders, as well as SLC loans). Excluding those who only use non-FCA regulated loans, 75% of UK adults have one or more credit or loan product.

This figure falls to 46%, if we exclude the 29% of adults whose only credit products are credit cards, store cards or catalogue credit, or a mix of these, which they pay off in full every month or most months.

Figure 8.1 Credit and loans by age



- Any credit or loan (held by 78% of all UK adults)
- As above, but excluding Student Loans Company loans, loans from friends or family, and loans from unregistered money lenders (held by 75% of all UK adults)
- As above, but excluding adults who hold running-account credit products (credit/store cards, catalogue credit), but who pay the full statement balance every or most months (held by 46% of all UK adults)

P_CC3/4/5/6sum1/sum2. *All consumer credit products including non-FCA regulated loans: forms of credit/loans held now or in the last 12 months*. Base: All UK adults (12,865).

Table 8.1 Credit and loans by age

	All UK adults	18-24	25-34	34-44	45-54	55-64	65-74	75+
Any credit or loan	78%	69%	82%	86%	85%	80%	74%	54%
Any credit or loan, but excluding adults only holding SLC loans, loans from friends or family, and loans from unregistered money lenders	75%	53%	78%	84%	84%	79%	74%	53%
Credit regulated by the FCA and used as a form of borrowing: Any credit or loan, but also excluding adults only holding running-account credit products (credit card, store cards and catalogue credit) *and* who pay the full statement balance every or most months	46%	42%	58%	62%	55%	42%	25%	14%
Transactors: only using running-out credit and paying it off in full every or most months	29%	11%	20%	22%	29%	37%	49%	39%

Base: All UK adults (12,865).

Looking at results by age, we see that overall credit product holding peaks for adults in their mid-30s to early-40s (86% for adults aged 35-44), and it only starts to diminish notably for adults aged 75 and over (54%).

Seven in ten (69%) 18-24 year olds hold at least one credit or loan product. This figure falls noticeably to just over half (53%), once non-FCA regulated credit is excluded. Over a third (36%) of 18-24 year olds have an SLC loan, 12% have a loan from friends or family, while fewer than 0.1% have a loan from an unregistered lender.

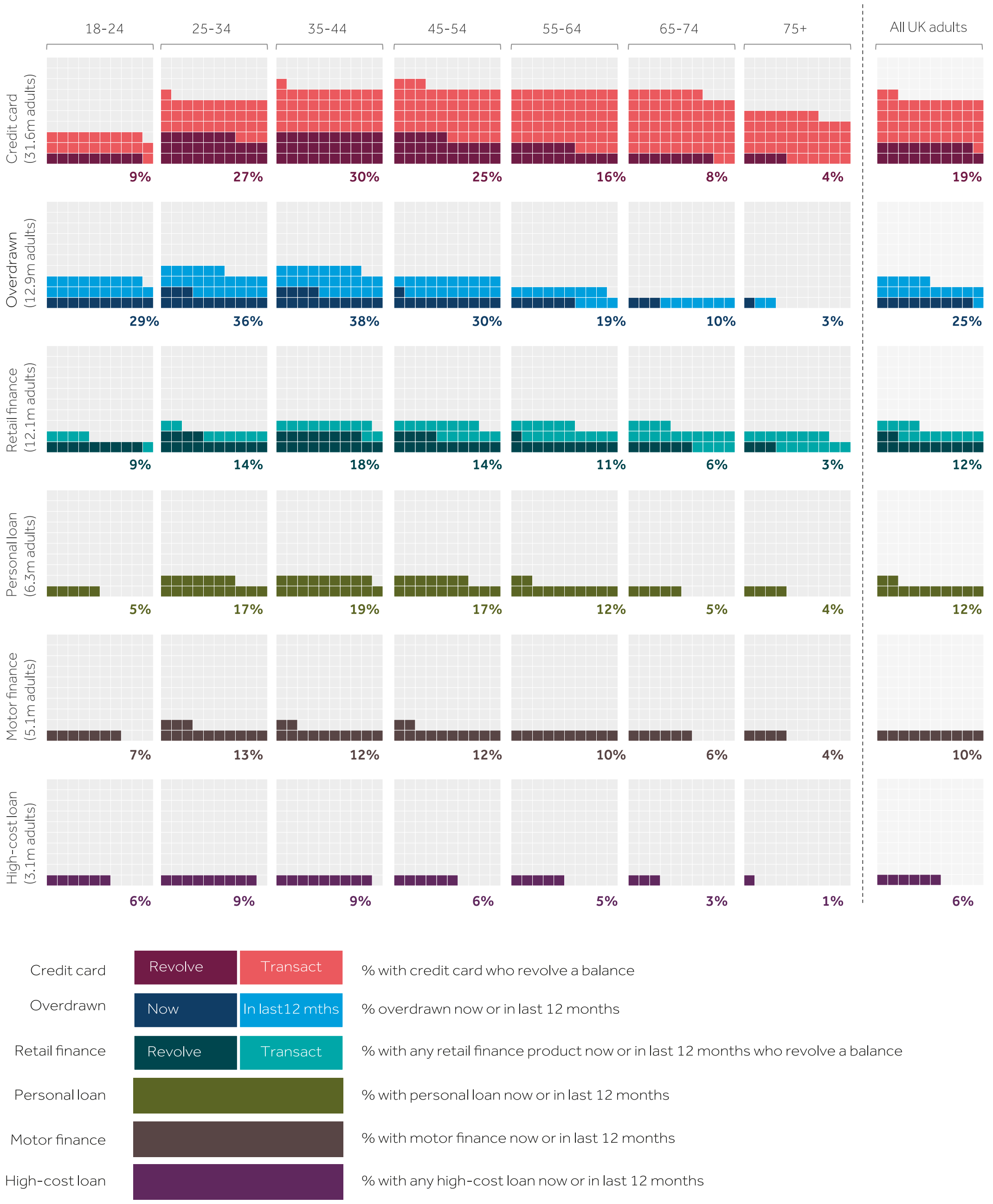
A significant proportion (29%) of adults, particularly adults in older age groups, only hold running-account credit products but do not use these products as a form of borrowing. They pay off their statement balances in full every month or most months. Running-account credit products are credit cards, store cards and catalogue credit accounts.

If we exclude these adults from our analysis, the picture of credit holding is quite different. Now, just under half (46%) of all UK adults hold an FCA-regulated loan or a credit product, on which they revolve a balance. Loan product holding is highest for adults aged 25-34 (58%) and 35-44 (62%), and lowest for adults aged 65-74 (25%) and 75 and over (14%).

Men are slightly more likely than women to hold any credit or loan product, but no more likely to have or revolve a balance. Those in work and earning an income, i.e. employed and the self-employed, are far more likely to hold a credit or loan product. They are also more likely to have or revolve a balance, compared with people who have no earnings, i.e. the unemployed and those who have retired.

The following sections review ownership by age, for credit cards, retail finance, personal loans, motor finance and high-cost loans, as well as for overdrafts. See Figure 8.2.

Figure 8.2 Credit ownership (main products) by age [47]



P_CC3/4/5/6sum1/sum2. *All Consumer Credit Products: Forms of credit/loans held now or in the last 12 months*. Base: All UK adults (12,865).

'Motor finance' includes hire purchase (HP) and personal contract purchases (PCPs) and loans and other credit from dealerships or motor finance specialists. Retail finance includes catalogue credit, store cards and other retail credit. 'High-cost loan' includes payday loans (single payment), short term instalment loans, home collected loans, pawnbroking, other hire purchase, and logbook loans. The graphic omits other types of loan, such as SLC loans, credit union loans, loans from friends and family and loans from unregistered money lenders.

47 In this figure the proportions highlighted for credit cards and retail finance are of UK adults who revolve balances on these products. Each box in the figure contains 100 squares, each of which represents 1% of the UK adult population or of the population within a certain age range. Please also see the section **Rounding** in Appendix 2 (**Methodological notes**).

Credit cards

- Credit cards are the most common credit product by far, although most users are 'transactors' who pay off their bill in full every month or most months

Credit cards are the most widely held credit product. Three fifths (62%) of all UK adults, or 31.6 million people, have a credit card, but only one fifth (19%), or 9.6 million people, revolve a balance.

The proportion of adults with a credit card is broadly similar by age, with the exception of 18-24 year olds (29% have a credit card) and adults aged 75 and over (47%). Those in the 25-54 age groups are the most likely to revolve a balance on a credit card.

Credit card holding also increases significantly with income. This suggests that some people may be using cards for convenience and consumer protection in addition to borrowing. For example, 81% of adults with a household income of £250,000 or more have a credit card, compared with just 38% of adults with a household income of less than £15,000.

A few (6%) adults with a high household income (£250,000 or more) still revolve a balance, compared with 13% of adults with a household income of less than £15,000. We do not know if there are any differences in the reasons for this – for example, whether the higher income households are simply making use of low or no interest deals, rather than living beyond their means.

Overdrafts

- Nearly 13 million UK adults have been overdrawn in the last 12 months
- Most stayed within their overdraft limit, but just over 3 million exceeded their limit or never arranged one

Some 12.9 million people, or a quarter (25%) of all UK adults, have been overdrawn at some point in the last 12 months on their current account, an e-money account, or both.[48] One in ten (9%) UK adults are overdrawn at the moment. These results are shown in Figure 8.3.

It is encouraging that three quarters of all adults who have been overdrawn in the last 12 months have stayed within their agreed overdraft limit. More concerning is that one in six (17%) have exceeded their agreed limit some or all of the time in the last 12 months. Just under one in ten (7%) was unauthorised from the start, as no limit was agreed. This means that, of those overdrawn in the last 12 months, a quarter (24%) have had an unauthorised overdraft. This equates to 3.1 million people, or 6% of all UK adults.

48 Only 1% of UK adults have an alternative e-money account, so almost all instances of being overdrawn will have involved a bank or building society current account.

Figure 8.3 Unauthorised overdraft usage

RB6. *Which, if any, of the following features or extras are included with your account, whether you have used these features or not? P_CC1. At any point in the last 12 months have you been overdrawn on [your current account(s)/your e-money accounts)/your current or e-money accounts)]?* P_CC1a. And are you overdrawn at the moment? Base: All UK adults (12,865).

Overdraft use is higher for younger adults than for older adults. For example, two in five (38%) adults aged 35-44 have been overdrawn at some point in the last 12 months, compared with one in five (19%) adults aged 45-54.

Younger adults with an overdraft are more likely to exceed their overdraft limit or go into the red without agreeing an overdraft limit. A quarter (23%) of 18-24 year olds who have been overdrawn in the last 12 months have exceeded their overdraft limit. Another 12% were unauthorised from the start. A small number did both on different accounts. This means that just under a third (33%) of 18-24 year olds who have been overdrawn have had an unauthorised overdraft in the last 12 months. This equates to one in ten (10%) of all 18-24 year olds.

Other groups who are more likely to have used an unauthorised overdraft include the following people who:

- have financially dependent children
- are renting
- have mental health conditions
- rate their financial capability as low
- have little or no savings or investments

Retail finance

- A quarter of UK adults use retail finance, split evenly between those who pay off bills in full every month or most months, and those who do not

A quarter (24%) of UK adults, or 12.1 million people, hold one or more retail finance products now or have done so in the last 12 months: 15% with a store card, 9% with a catalogue credit agreement, and 5% with other retail credit.[49]

Women are far more likely than men to have a store card (21% of women, compared with 10% of men) or a catalogue credit agreement (14% of women, compared with 4% of men).

Half of those with retail finance, equating to 12% all UK adults, revolve a balance on one or more of their retail finance products. This means they do not pay off a bill or bills in full every month or most months. Women are also more likely to revolve a balance on these products: 5% of women revolve a balance on store cards, compared with 2% of men. Similarly, 8% of women revolve a balance on a catalogue credit agreement, compared with 2% of men.

There is little variation in product holding across the age groups. The exception is 18-24 year olds, considerably fewer of whom hold retail finance. However, older adults are less likely than younger adults to revolve a balance.

Personal loan

- Personal loans, repayable over 12 months or more, are the most commonly held credit product after credit and store cards and retail finance

Just over one in ten (12%) UK adults, or 6.3 million people, hold a personal loan now or have done so in the last 12 months.

Above average proportions of those aged 25-34 (17%), 35-44 (19%) and 45-54 (17%) have a personal loan. This is also true of those employed (18%), and those with a mortgage on their home (21%). The proportion of people with personal loans from higher household incomes is 19%, both for those with £30,000 to under £50,000 and for those with more than £50,000.

Motor finance

- Motor finance is used by just over 5 million UK adults
- This covers hire purchase (HP) and personal contract purchases (PCPs) with the option to buy the vehicle. It also covers loans to buy outright from a vehicle dealer, vehicle manufacturer or motor finance specialist

One in ten (10%) UK adults, or 5.1 million people, have a motor finance agreement now or have had one in the last 12 months. Men are marginally more likely than women to use motor finance – 11% of men, compared with 9% of women.

49 Retail credit was defined for respondents as follows: *This is where you buy goods on credit and pay for them by instalments (other than motor finance and the other categories stated).*

There is less of a trend by age here compared with other forms of borrowing. Adults aged 18-24 and those aged 65 and over are less likely to take out a motor finance agreement than adults aged 25-64.

There is little difference in motor finance product holding by household income or investable assets. The exception is for adults in households with annual incomes under £15,000, where only 3% of adults have motor finance.

High-cost loans

- Just over 3 million UK adults have used one or more forms of high-cost loan in the last 12 months
- Younger single parents are three times as likely to be using high-cost credit than the UK average

Around one in twenty (6%) UK adults, or 3.1 million people, have a high-cost loan now or have had one in the last 12 months. This includes payday loans (single payment), short-term instalment loans, home collected loans, pawnbroking, hire purchase (other than for a motor vehicle) and logbook loans.

Payday loans, short-term instalment loans and pawnbroking are more popular with younger adults (18-34 year olds) and singles. Hire purchase and logbook loans are more popular with older adults and couples.

Home collected loans and payday loans are used used equally by women and men: 1% of each use each type of product.

High-cost loan products are most used by adults:

- aged 25-34 (9%) and 35-44 (9%)
- with financially dependent children (9% for people with one or two children, 14% for those with three or more children)
- who are single parents (14%), and in particular single parents aged 18-34 (17%)
- who are unemployed (9%)
- who rent their home (9%)
- with a physical or mental health condition or illness that affects their day-to-day activities a lot (9%)
- with no savings or investments (16%)

Debt levels

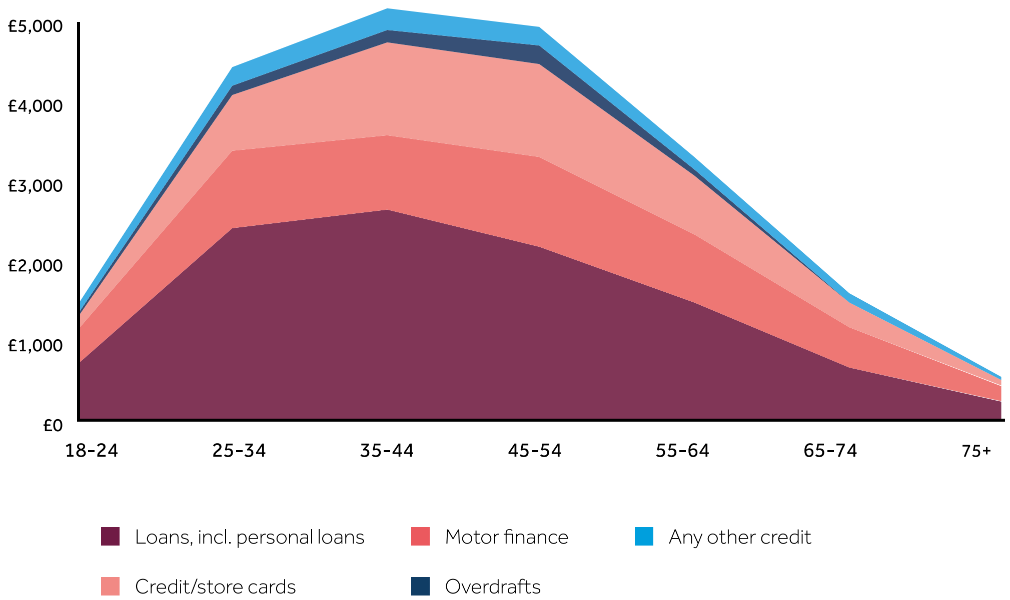
- Average unsecured debt is £3,320, rising to £4,960 when SLC loan debt is included
- The biggest rise is unsurprisingly for 18-24 year olds. Their average debt level otherwise (i.e. not taking account of SLC loans) is less than half the UK average

On average, UK adults owe £3,320 of unsecured debt, including the 62% of UK adults who have no debt. This amount includes credit and store card debt for card holders who revolve a balance, as well as all loans, motor finance, overdrafts (amount currently overdrawn) and any other credit. It excludes mortgage debt, SLC loans, and credit card and store card balances for those who repay their balance every month or most months.

Figure 8.4 shows the results for the different age groups, with supporting statistics in Table 8.2. Average debt levels peak for adults in their mid-40s (the average 35-44 year old owes £5,130). Debt levels fall in old age when, on average, those aged 75 and over owe £540.

If SLC loans are included, the average debt level rises to £4,960. 18-24 year olds owe on average £1,460 excluding SLC loans but £8,750 including them.

Figure 8.4 Debt levels by age



B7 (REBASED). *Thinking about your [credit card(s)/store card(s)/credit and store card(s)], approximately how much of the statement balance(s) was not repaid in full last month?* B8 (REBASED). *You mentioned earlier that you are overdrawn on your [current account(s)/e-money account(s)/current and/or e-money account(s)]. By how much are you currently overdrawn?* B9b-d. *Approximately how much in total do you currently owe on: Your motor finance/loans including any personal loan to buy a motor vehicle/any other credit?*

Base: All UK adults (12,865).

Table 8.2 Proportions with debt and debt levels by age[50]

	All UK adults	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
Loans, incl. personal loans	£1,630	£700	£2,410	£2,630	£2,150	£1,480	£670	£240
Motor finance	£770	£410	£950	£950	£1,130	£850	£480	£200
Credit/store cards	£690	£150	£730	£1,150	£1,180	£750	£300	£60
Overdrafts	£110	£70	£110	£140	£220	£70	£40	£0
Any other credit	£160	£90	£190	£260	£230	£130	£100	£40
% with any debt (excl. SLC)	*38%*	*32%*	*51%*	*54%*	*47%*	*35%*	*20%*	*12%*
Total debt (excl. SLC)	**£3,320**	**£1,460**	**£4,200**	**£5,130**	**£4,910**	**£3,300**	**£1,580**	**£540**
SLC loans	£1,580	£7,110	£3,840	£690	£180	£60	£0	£0
% with any debt (incl. SLC)	*44%*	*55%*	*63%*	*57%*	*48%*	*35%*	*20%*	*12%*
Total debt (incl. SLC)	**£4,960**	**£8,750**	**£8,250**	**£5,870**	**£5,080**	**£3,370**	**£1,580**	**£540**

Base: All UK adults (12,865).

Home ownership and mortgage debt

- One in three UK adults own their home outright, while a third are buying their home with the help of a mortgage
- Among those with a mortgage, mean mortgage debt is approximately £130,000, peaking at £150,000 for those 25 to 44
- Loan to value (LTV) ratios of 100% or more apply to 8% of all mortgage holders
- Loan to income (LTI) ratios of at least 400% apply to 11% of all mortgage holders

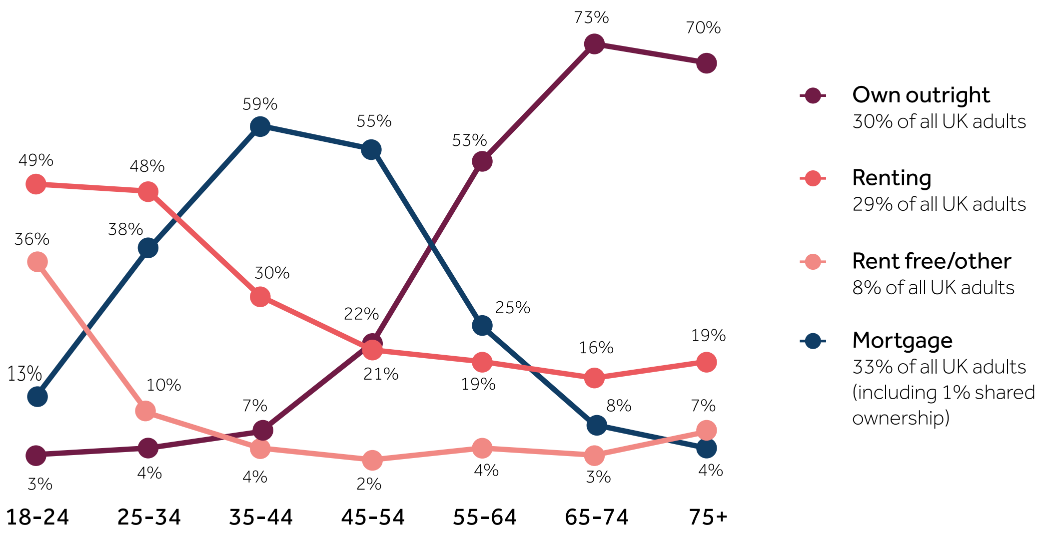
50 Figures include credit and store card debt for cardholders that revolve a balance, loans, motor finance, overdrafts (amount currently overdrawn), and any other credit. It excludes mortgage debt (including first charge mortgages, second charge mortgages and lifetime mortgages), and SLC loans. 'Loans' category includes personal loans, credit union loans, peer-to-peer loans, logbook loans, pawnbroking, home collected loans, payday loans, short term instalment loans, loans from family and friends, loans from an unregistered money lender, and any other loan. 'Any other credit' category includes other hire purchase, catalogue credit, and other retail credit.

One third (33%) of all UK adults are buying the property they currently live in with the help of a mortgage or loan. Three in ten (30%) own their property without a mortgage, while just under three in ten (29%) are renting. Fewer than one in ten (8%) live rent free or occupy their property in some other way. These findings are summarised, showing differences by age, in Figure 8.5.

Owner occupation (including those who are buying with the help of a mortgage) increases with age. For example, just 16% of 18-24 year olds own their home outright or are buying it with a mortgage, compared with 74% of adults aged 75 and over.

Just under half of 18-34 year olds rent (49% for 18-24 year olds, and 48% for 25-34 year olds). Over a third (36%) of 18-24 year olds live rent free, presumably in their family home. Although renting is more common in the younger age groups, it is important to recognise that it is pervasive across all age groups – one in five (19%) of those 75 and over are in rented accommodation.

Figure 8.5 Home ownership by age



D13 (REBASED). *Which of the following best describes how you occupy the property you currently live in?* Base: All UK adults (u-w: 12,696/w: 12,690), excluding 'don't know' responses (1%).

Around half a million people (less than 1% of the UK adult population) have a second charge mortgage (around 0.4 million) or lifetime mortgage (around 0.1 million). Around 1.5 million people (or around 3% of all UK adults) have a buy-to-let mortgage.

We turn now to Figure 8.6, which shows mean mortgage debt levels, loan to value (LTV) ratios and loan to income (LTI) ratios by age in respect of adults with a residential or lifetime mortgage on the property in which they live currently.[51]

Half (49%) of these mortgage holders owe less than £100,000. Two in five (40%) owe between £100,000 and £250,000. Just 8% owe £250,000 or more. A small minority, less than 5%, do not know how much outstanding mortgage debt they have.

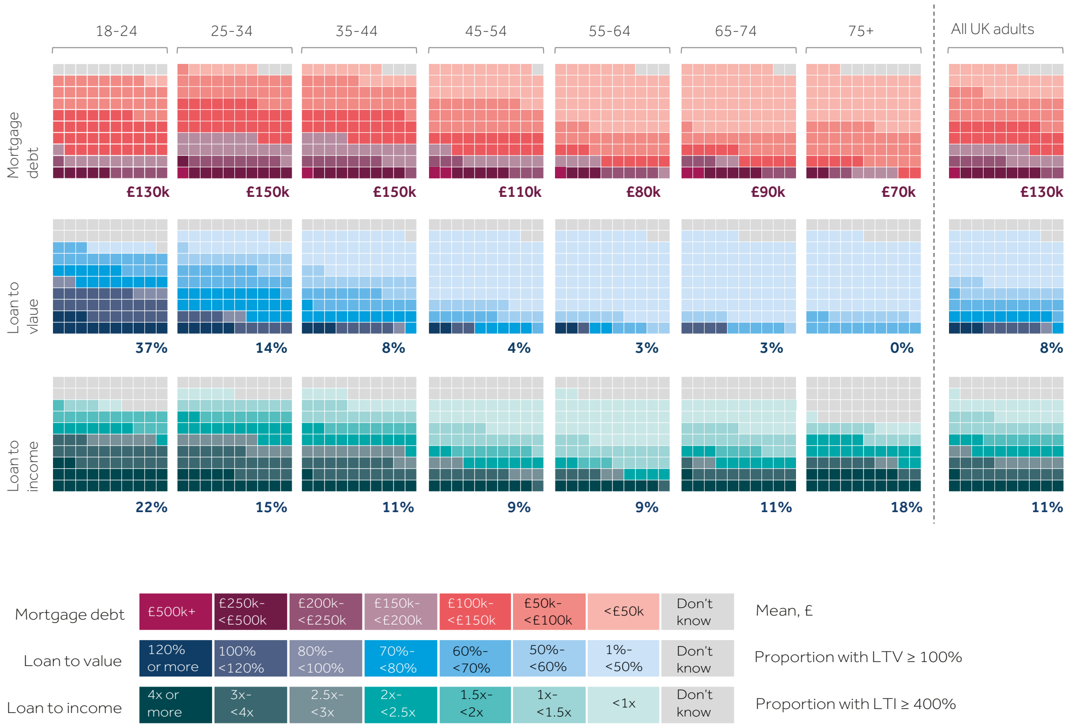
51 Findings on LTV, LTI and loan amounts are examples of data that may be at odds with market data; these findings are valuable too, if they highlight misunderstandings by consumers or areas we should research further.

On average, outstanding mortgage debt is highest for adults aged 25-44, above average proportions of whom owe over £100,000. Eleven per cent of adults aged 25-34 owe £250,000 or more, and the same is true for 11% in the 35-44 group.

Almost half (45%) of all mortgage holders currently have a LTV of less than 50%. This increases to an average LTV of just over 90% for 18-24 year olds. The average borrower aged 65 and over has a LTV of just 25%.

LTV ratios of 100% or more exist for 8% of these mortgage holders overall. The 18-24 age group has the highest proportion of those with this LTV level: 37%.

***Figure 8.6 Mortgage debt, LTV and LTI by age*[52]**



B5a (REBASED). *You mentioned earlier that you have a [mortgage/lifetime mortgage] on the property you currently live in. How much in total is left to pay on this mortgage?*

Base: All UK adults with a residential or lifetime mortgage or don't know which (u-w: 3,911/w: 3,808), excluding 'prefer not to say' responses (6%).[53]

Notes: LTV calculated by comparing outstanding mortgage value to current value of property (question B4). LTI calculated by comparing outstanding mortgage value to gross household income (question D38).

We are unable to calculate a LTI ratio for one in five (18%) mortgage holders. This is because they do not know or refuse to reveal either their mortgage balance, household income, or both. The information we gathered showed that for two in five (40%) mortgage holders their outstanding mortgage debt is at least 2.5 times their annual household income or more. For 11% of mortgage holders their outstanding mortgage debt is four times their annual household income or more.

52 In this figure the proportions highlighted for tax rate are of UK adults paying higher/additional rate tax, and the £ values are, respectively, mean household and personal incomes. Each box in the figure contains 100 squares, each of which represents 1% of the UK adult population or of the population within a certain age range.

53 If a respondent had a mortgage on the property in which they currently live, but could not say whether it was a normal residential mortgage or a lifetime mortgage, we assumed it was a first charge residential mortgage.

The highest *mortgage debt to household income ratio* groups include younger adults, singles, those with three or more financially dependent children, and those with no savings or investments.

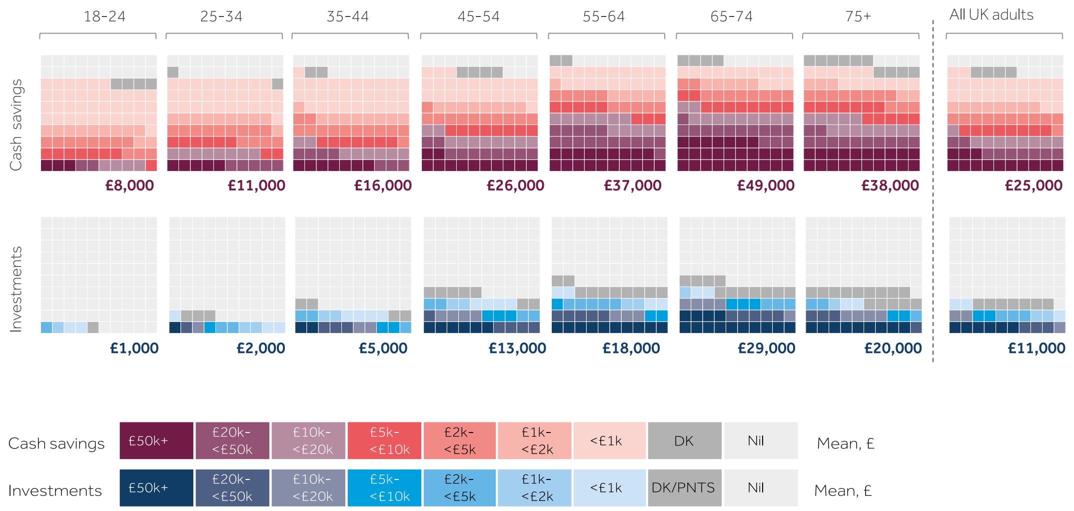
Historically, low interest rates have benefited borrowers, but one in seven (15%) would struggle to pay their mortgage if repayments went up by less than £100 per month. Encouragingly, half of those with a variable rate tracker mortgage could withstand an increase of £400 per month or more before they would struggle. This falls to 25% for those on a standard variable rate (SVR).

Savings and investments

- Around 6.5 million UK adults have no cash savings
- Compared with the 44.5 million with cash savings, 15 million have investments

Figure 8.7 shows by age the proportions of UK adults with cash savings, the distribution of levels of saving, and the mean level of savings. The same findings are also shown for retail investments.

Figure 8.7 Cash savings and investments by age[54]



B1 (REBASED). *You mentioned that you have the following (savings products); approximately how much money, if any, do you have in these savings products?* Base: All UK adults (u-w: 12,627/w: 10,044).

B2 (REBASED). *You mentioned that you have the following (investments); thinking about all of these, how much in total do you currently have in these investments?* Base: All UK adults (u-w: 12,791/w: 12,785).

Notes: Respondents who do not hold any savings or investment products – and were not asked this question – have been included in the 'nil' column. Findings have been rebased to exclude pilot respondents who said that they had between £1 and £4,999 in savings (less than 2%) or investments (less than 1%) as it was not possible to assign them one of the bands below £5,000. As a result, the proportion of all UK adults with savings or investments less than £5,000 reported in this graphic is very slightly under-represented. If respondents hold any savings jointly, they were asked to include only the amount they would consider to be theirs within these.

54 In this figure the £ values are, respectively, mean amounts of cash savings and investments. Each box in the figure contains 100 squares, each of which represents 1% of the UK adult population or of the population within a certain age range.

Many UK adults have very little in the way of cash savings. One in eight (13%) UK adults have no cash savings whatsoever. A quarter (24%) have savings that are less than £1,000 in total, and a fifth (19%) have savings between £1,000 and under £5,000. These savings include all money held as savings in current accounts, as well as in savings products (savings accounts, cash ISAs, NS&I bonds or premium bonds). This means that three fifths (56%) of UK adults have no savings or savings of less than £5,000.

The proportion of people that have little or no cash savings changes significantly by age. Younger adults have far less in savings than older adults. One fifth (20%) of 18-24 year olds have no savings. A further two fifths (37%) have less than £1,000, compared with just 4% and 13%, respectively, for those aged 75 and over.

A high proportion of retirees do not know how much savings they have. However, retirees are significantly more likely to have more than £50,000 cash savings than the younger age groups. A quarter (25%) of all retirees have savings of £50,000 or more, compared with the national average of 13%.

There is no difference in the amount of savings held by men and women up to a threshold of £50,000. Beyond this, men are more likely to have higher levels of savings than women.

Far fewer adults have investments: 29%, compared with 87% with cash savings. These exclude investments held in pensions, buy-to-let, second homes or other property investment (including commercial property), and other investments (e.g. wine, art, jewellery).

As a far smaller number of adults have investments, it is not surprising that the average amount held by investors is far higher than the average amount held by cash savers (a mean of £48,000 for investments, compared with £29,000 for cash savings).

The proportion of adults with investments and the average amount held in investments increase significantly with age until the age of 75. For example, just 7% of 18-24 year olds have any investments at all. The mean amount held by each investor is £14,000. This compares with 44% of 65-74 year olds who have investments, with a mean amount held of £77,000.

The high levels of investments (i.e. £50,000 or more) are concentrated amongst the older age groups and those with higher incomes. For example, over two thirds (71%) of all adults with £50,000 or more in investments are 55 and over. A third (33%) have a personal income of £50,000 or more.

Beyond age, patterns of holdings are very similar for both cash savings and investments. Couples are more likely to have money in investments compared with those not in a couple (34% compared with 20%, respectively). The self-employed are more likely to have money in investments compared with those employed (36% compared with 26%, respectively).

Pensions

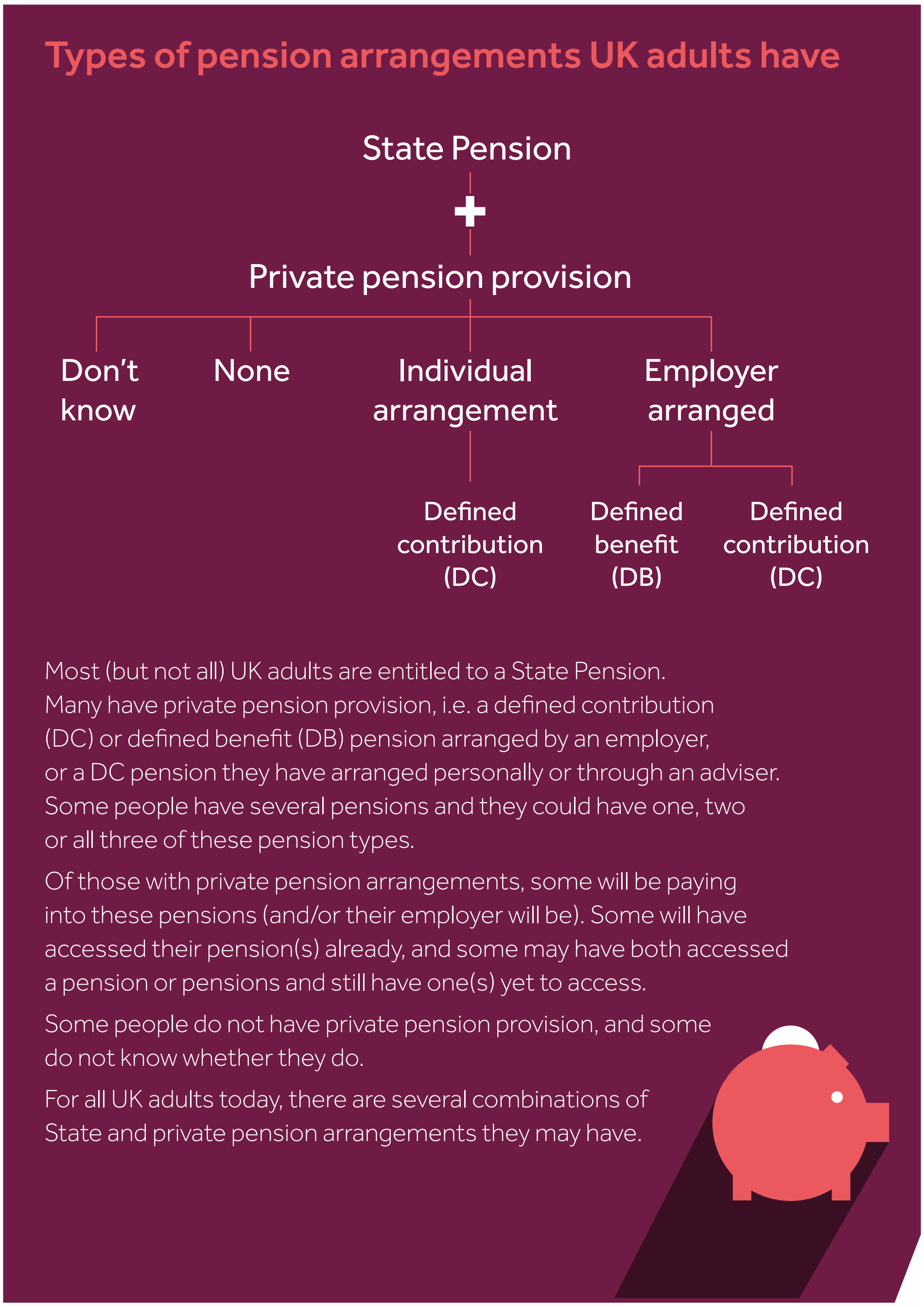
Overview of private pension provision

Private pension provision refers to UK adults having a defined benefit (DB) pension arranged through an employer, or a defined contribution (DC) pension they arranged themselves (or an adviser for them) or through an employer. The pension or pensions may be ones people have or ones they have not yet accessed.

- Roughly two thirds of all UK adults will benefit from private pension provision or have already accessed a private pension
- Roughly one third have no such provision
- The proportion who will or is relying on the State Pension as their main source of income in retirement increases with age
- Half of retirees aged 65 and over rely mainly on the State Pension

Figure 8.8 introduces the types of pension, and the combinations of pension arrangements UK adults may have.

Figure 8.8 Different combinations of pension arrangements – overview



We looked at who has any private pension provision. We considered both pension(s) yet to be accessed, as well as pensions already accessed – from which people are taking an income or a cash lump sum. This reveals who is reliant solely on the State Pension, and who will be in the future (based on current provision).

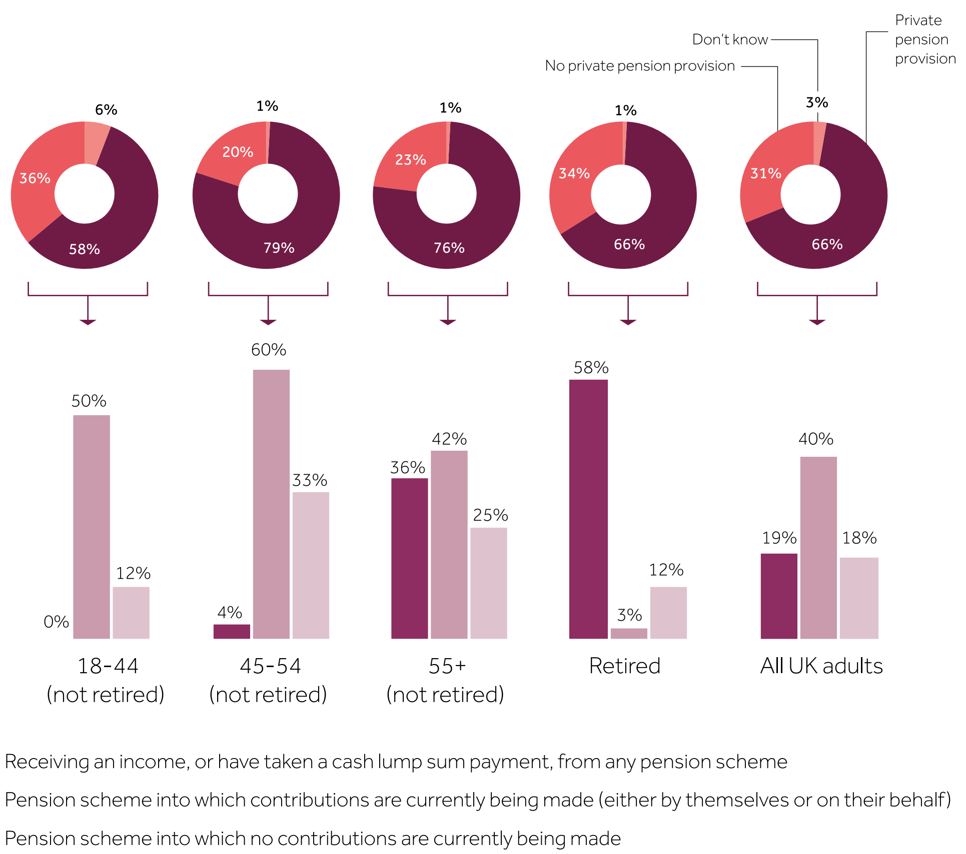
As shown in Figure 8.9, overall two thirds (66%) of all UK adults have one or more private pensions:

- one in five (19%) have an income, or have taken a cash lump sum from a private pension they have, or have had

- the majority (58%) of these adults are retired, while three in ten (29%) are aged 55 and over and not retired

- two in five (40%) have a private pension into which contributions are currently being made (either by themselves or by their employer)
- under one in five (18%) have a 'frozen' private pension into which no contributions are currently being made

Figure 8.9 Private pension provision



P_DEC1. *Are you currently receiving an income, or have you taken a cash lump sum payment, from any pension scheme you have or have had?* P_AC1. *[Apart from any pension schemes you have from which you are receiving an income or have taken a cash lump sum payment,] do you currently have any of the following?*
Base: All UK adults (12,865).

Figure 8.9 also shows that three tenths (31%) of all UK adults have no private pension provision whatsoever. A small minority (3%) do not know if they have private pension provision or not.

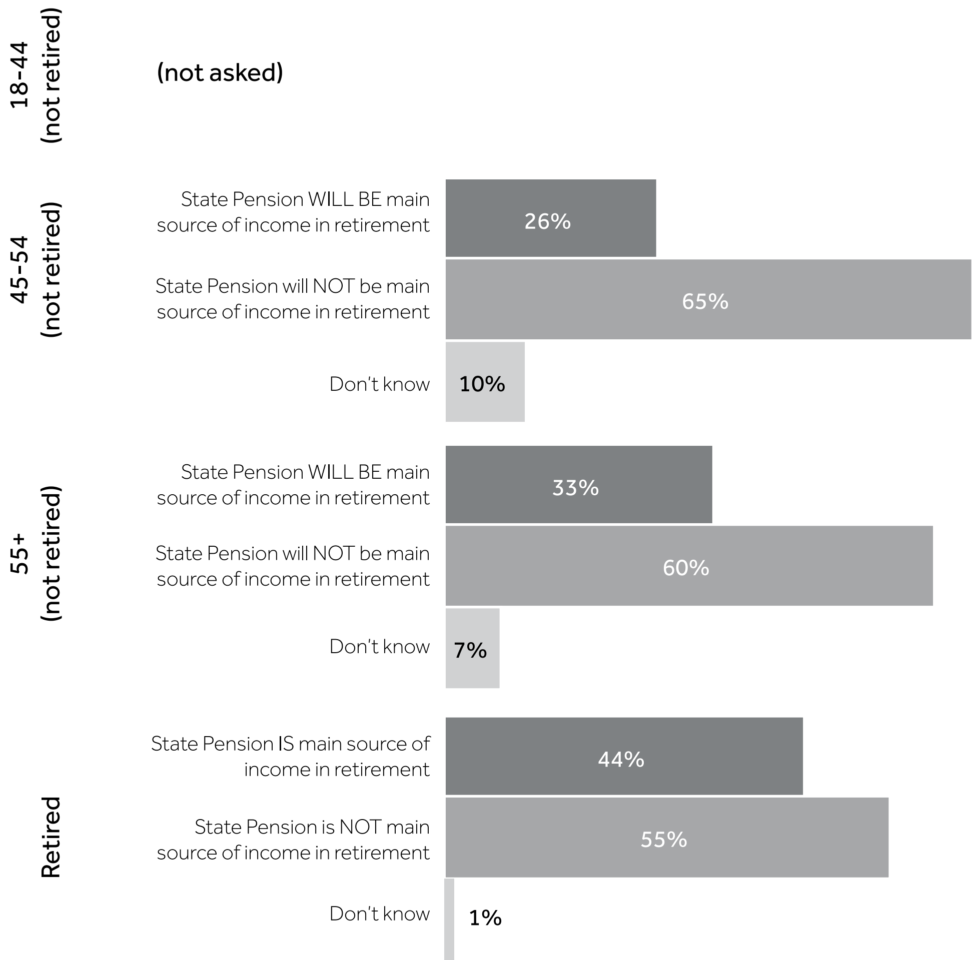
Adults aged 50 and over who have no private pension were asked why this is the case. The most common reasons were:

- it was too late for them to start one (32%)
- they could not afford to pay into one (26%)
- they will rely on a partner's pension (12%)

One in ten (10%) said they had not thought about it and one in ten (9%) said they preferred other ways of saving for retirement.

Figure 8.10 shows that the State Pension is the main source of income for almost half (44%) of all UK retirees. This figure may be lower than might be expected. This is because some retirees are aged under the State Pension age and so are not yet getting a State Pension. To highlight this point, the State Pension is the main source of income for half (49%) of retirees aged 65 and over and for over half (56%) of retirees aged 85 and over.

Figure 8.10 Proportion of UK adults who say the State Pension is or will be their main source of income in retirement



P_AC16. *Will the State pension be your main source of income in retirement?* Base: All UK adults aged 45 and over and not retired (u-w: 4,001/w: 4,201).

P_AC16b. *Is the State pension your main source of income?* Base: All UK retired adults (u-w: 3,318/w: 2,890).

Retirees whose main source of income in retirement is the State Pension are more likely to be female (53%) than male (33%). Compared with retirees not relying on the State Pension in retirement, those who do so are:

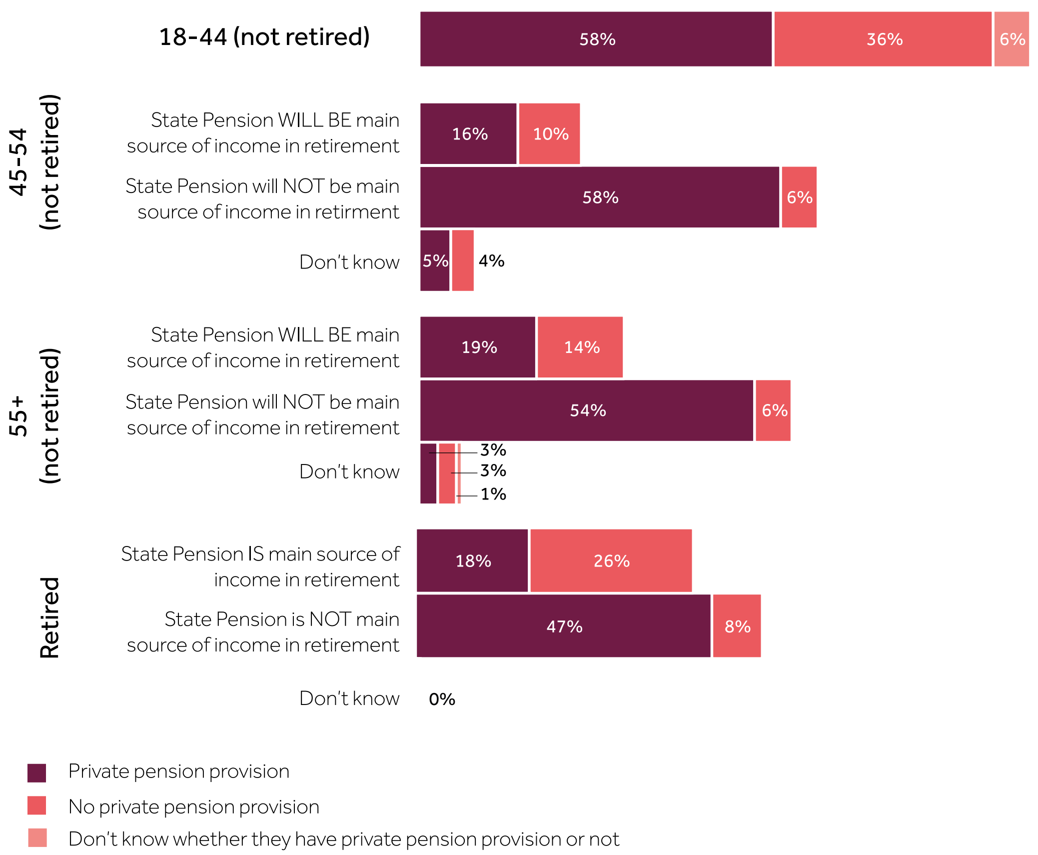
- more likely to be single (52% of retirees for whom the State Pension is their main source of income, compared with 33% of retirees not relying primarily on the State Pension)

- more likely to have no savings or investments (40% compared with 15%, respectively)
- less likely to own their own home outright (61% compared with 82%, respectively)
- more likely to be renting (28% compared with 3%, respectively)
- less likely to be satisfied with their overall financial circumstances (31% are highly satisfied, compared with 45% of retirees who do not rely primarily on the State Pension)

For adults approaching retirement, far fewer expect the State Pension to be their main source of income in retirement: just one third (33%) of non-retirees aged 55 and over, and a quarter (26%) of non-retirees aged 45-54.

In Figure 8.11 we revisit the analysis that shows the proportion of adults who say the State Pension is or will be their main source of income in retirement. We overlay these results with statistics showing who has or does not have private pension provision.

Figure 8.11 Proportion of UK adults who say the State Pension is or will be their main source of income in retirement by whether they have private (non-State) pension provision



P_DEC1. *Are you currently receiving an income, or have you taken a cash lump sum payment, from any pension scheme you have or have had?* Base: All UK adults (12,865).

P_AC1. *[Apart from any pension schemes you have from which you are receiving an income or have taken a cash lump sum payment,] do you currently have any of the following?* Base: All UK adults (12,865).

P_AC16. *Will the State Pension be your main source of income in retirement?* Base: All UK adults aged 45 and over and not retired (u-w: 4,001/w: 4,201).

P_AC16b. *Is the State Pension your main source of income?* Base: All UK retired adults (u-w: 3,318/w: 2,890).

This reveals that a quarter (26%) of all UK retirees are relying on the State Pension as their main source of income in retirement, and they do not have a private pension, nor have they already accessed a private pension. Almost three quarters (73%) of these retirees are women, and over half are single (57%). One third (33%) rent their home, while a further 7% are living rent-free or in sheltered-accommodation.

Among people yet to retire: one in ten (10%) 45-54 year olds who have not yet retired say they will rely on the State Pension as their main source of income in retirement, and they have no private pension provision. This figure increases to 14% for those 55 and over who have not yet retired. Of this group of those 45 and over:

- three in five (59%) are women
- two in five (42%) are single
- just over half (53%) are in employment
- half (53%) have no savings or investments

Only a small proportion of non-retirees not expecting to rely on the State Pension as their main source of income in retirement do not have a private pension. Again, disproportionately large proportions of this group aged 45 and over are women (59%), while a higher proportion (74%) are living with a partner or spouse.

Pension accumulation[55]

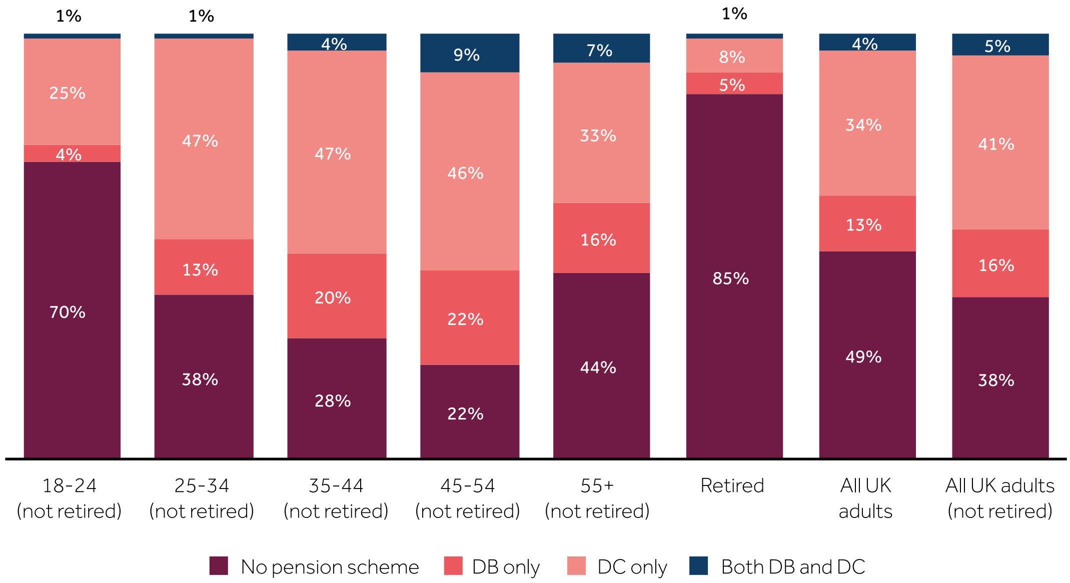
- 15.1 million UK adults have not retired *and* are not paying into a pension
- Among non-retirees, the self-employed and the unemployed are, respectively, twice and three times as likely as the employed to have no private pension cover

Figure 8.12 shows the proportion of UK adults by age and retirement status who have no private pension currently, or who have a private pension not yet accessed.[56]

55 See **Glossary of terms** for 'accumulation.'

56 These pensions may be ones into which contributions are currently being made (either by the holders or on their behalf, for example by an employer) or pensions into which no contributions are currently being made. It is also important to note that people may, of course, have more than one pension and more than one type of pension.

Figure 8.12 Types of pension held by age and retirement status



P_AC1. *[Apart from any pension schemes you have from which you are receiving an income or have taken a cash lump sum payment,] do you currently have any of the following?* P_AC6/7. *Was this scheme arranged through a current or previous employer?* P_AC8/P_AC8a. *There are two main ways in which your pension entitlement can be worked out in an employer's pension scheme. Are your pensions/Is your pension more like option 1 or option 2?*
Base: All UK adults (12,865).

Half (49%) of all UK adults do not have a private pension currently. One in three (34%) have a DC pension only, and one in seven (13%) have a DB pension only. One in twenty-five (4%) have both a DC and a DB pension that they have not yet accessed.

These are lower than we might expect. This is because they include retirees, and relatively few retirees (just 15%) still have a pension that they have not accessed.

If we exclude retirees from these numbers, the proportion of UK adults with no private pension currently drops to three in eight (38%). Two fifths (41%) of all non-retired UK adults have a DC pension only, and one sixth (16%) have a DB pension only. One in twenty (5%) have both a DC and a DB pension they have not yet accessed.

We can see that having a pension increases significantly with age. Half (49%) of 18-34 year olds have a pension (30% of 18-24 year olds, and 61% of 25-34 year olds). The vast majority of pensions held by younger adults are DC schemes arranged by the employer.

Pension ownership peaks in the 45-54 year old age group, where three quarters (77%) have a pension they have not yet accessed. This proportion subsequently drops amongst adults aged 55 and over who have not yet retired, among whom a significant minority (36%) have already accessed a pension.

Much of this difference in pension ownership is driven by employment status and the success of auto-enrolment. For example, just one quarter (24%) of employees do not have a pension (which they have not accessed) – this compares to half (51%) of the self-employed and three quarters (78%) of the unemployed. Over half (57%) of non-retirees with a personal income of less than £15,000 do not have a pension they have not yet accessed, compared with 30% for non-retirees with a personal income of between £15,000 and £30,000.

Of all adults with a pension into which contributions are currently being made, 87% say their pension, or all of their pensions if they have more than one, are employer-arranged. One in twenty (5%) say some of their pensions are arranged by an employer.

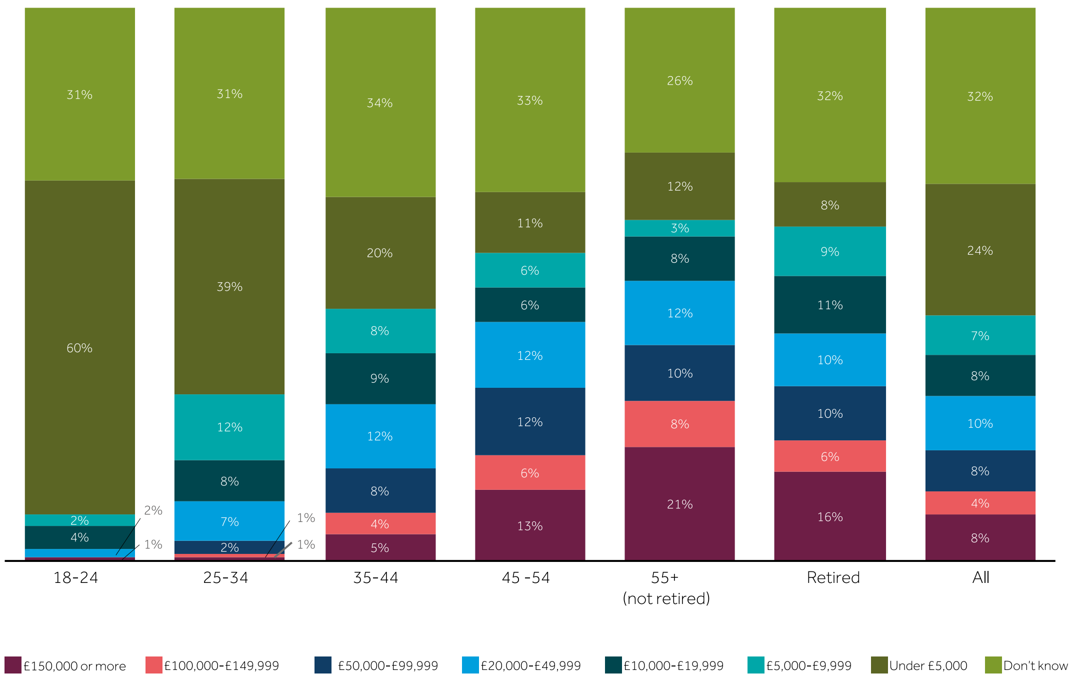
DC pension savings

- Over a third of UK adults with a DC pension are unable or unwilling to say how much it contains. DC savings levels should therefore be considered as indicative
- Pot sizes increase with age, unsurprisingly, from a mean of £5,000 for the 18-24 year olds, to £148,000 for those aged 55 and over who have not retired

Most DC pension savers state they have relatively little in their pension pot. Around one quarter (24%) have less than £5,000, and a further one in seven (15%) have between £5,000 and £20,000. This reflects the relative immaturity of the UK auto-enrolment market, but pot sizes are expected to grow rapidly. Very few DC pension savers (just 12%) have £100,000 or more. Around one third (32%) do not know how much they have in their pot or prefer not to say. It is therefore very difficult to estimate accurately average or typical pots sizes from responses to the Financial Lives Survey 2017.

Not surprisingly, the amount of DC pension savings held increases with age. For example, as Figure 8.13 shows, almost three in five (60%) 18-24 year olds with a DC pension have less than £5,000 in their pot. Fewer than 1% have more than £50,000, while 31% do not know or prefer not to say. For those not retired and aged 55 and over with a DC pension, 8% have less than £5,000; 39% have more than £50,000, while 26% could not or would not to say.

Figure 8.13 Current size of total DC pension savings by age (adults with DC pension(s) they have not accessed)



B3 (REBASED). *What is the current size of your pension pot?/For each of your pensions you will have a pension 'pot'. Approximately what is the current size of your pension pot in total?*
Base: All UK adults holding a DC pension (u-w: 4,504/w: 4,504), excluding 'prefer not to say' responses (6%).

Pension decumulation

- A fifth of all UK adults have already accessed a private pension, the majority of whom are retired and the majority of whom benefits from a DB scheme
- Of those who have accessed a DC pension in the last two years, a full quarter do not know how they accessed their pension

Focusing, lastly, on pension decumulation, we see, as shown in Figure 8.14, that one in five (19%) UK adults are receiving an income, or have taken a cash lump sum payment from a pension scheme.

This figure increases to almost three in five (58%) for retired adults:

- one third (34%) of retired adults are receiving an income, or have taken a cash lump sum payment from a DB scheme or schemes
- fewer than one in ten (6%) are receiving an income, or have taken a cash lump sum payment from a DC scheme(s) arranged through an employer. A further one in nine (11%) have taken money from a personal DC scheme they arranged themselves or through an adviser

- one in nine (11%) are receiving an income, or have taken a cash lump sum payment from a pension arranged through their employer, but are unsure what type of pension it is. A further 3% could not say what type of pension they have nor whether it is arranged by their employer or not

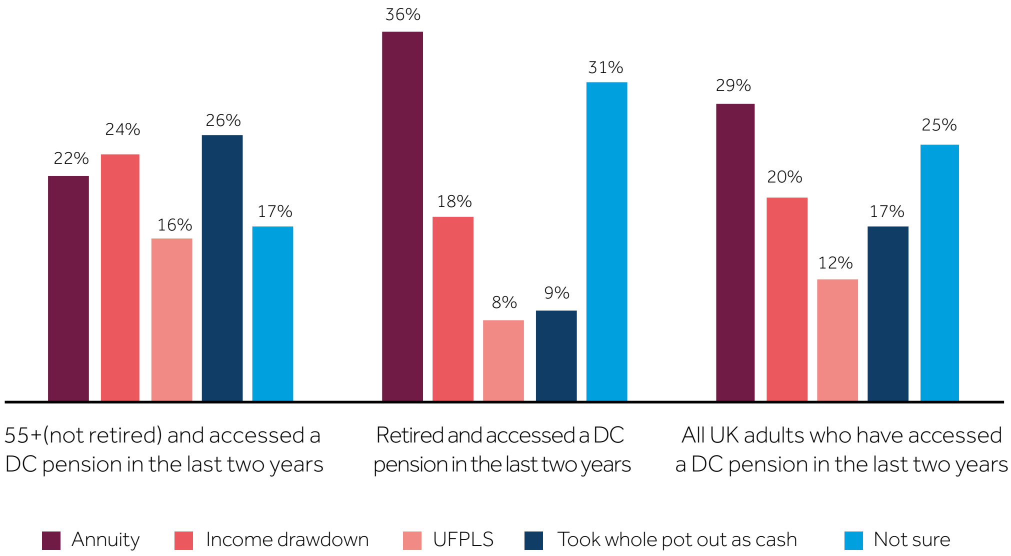
Figure 8.14 Proportion of UK adults who have decumulated a pension, by type of pension

P_DEC1. *Are you currently receiving an income, or have you taken a cash lump sum payment, from any pension scheme you have or have had?*
P_DEC2 (REBASED TO ALL). *Thinking only of the pension or pensions you are receiving an income from, or have taken a cash lump sum from, what type of pension was this?*
Base: All UK adults (12,865).

We will now look at the ways in which people have accessed their pension. Almost two in five (39%) of all adults who have accessed a pension or pensions have purchased an annuity. Most did this more than two years ago and therefore have not been affected by the new pension freedoms. Just over one in ten (12%) say they are in income drawdown.

Figure 8.15 looks only at adults who have accessed at least one of their DC pensions in the last two years. Three in ten (29%) state they have taken out an annuity. One in five (20%) are in income drawdown, and one in eight (12%) have started taking money via UFPLS. One in six (17%) took their whole pension in cash in one go. One in four (25%) are not sure what they did – they get an income or have taken a cash lump sum from their pension, but are not sure how this works.

Figure 8.15 Pension decision outcome for adults who have decumulated a DC pension in the last two years



P_DEC5 (REBASED). *You said you have done the following with your pension(s). Which, if any, of these have you done in the last two years?*
Base: All UK adults who have decumulated a DC pension in the last 2 years (u-w: 583/w: 473).

Adults who accessed a DC pension in the last two years but have not retired are far more likely to have taken it all in cash (26%). They are far less likely to have opted for an annuity (22%).

Of those adults who have accessed a DC pension in the last two years, only one in five (22%) agree that their standard of living has improved since taking their pension. Half (47%) agree that their pension income alone is not enough to live on. Just one in seven (15%) agree that the money received from their pension(s) is more than they expected.

General insurance and protection

- Most (82%) UK adults have one or more general insurance products, while far fewer (35%) have any form of protection policy

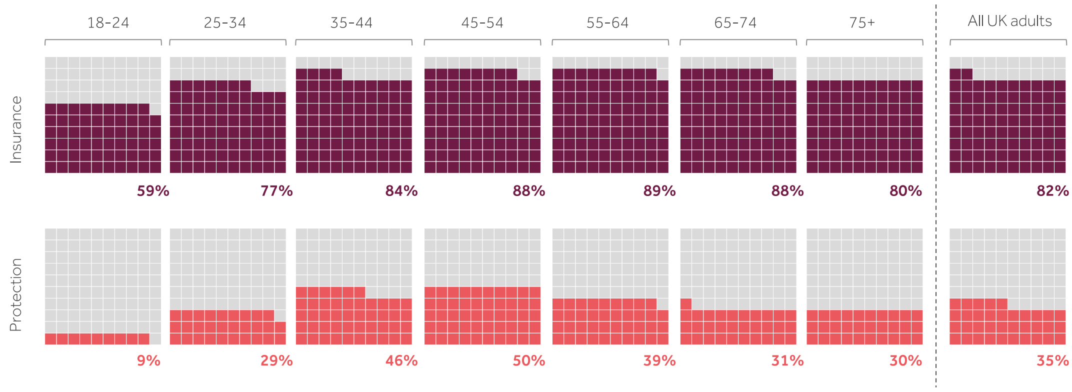
Figure 8.16 summarises protection policy and general insurance coverage by age.

Two thirds (65%) of UK adults have no life insurance or other protection cover. The most common products are life insurance (held by 28% of all UK adults), critical illness cover (10%) and personal accident cover (6%).

Among those holding life insurance, over half (56%) hold term life insurance, one third (32%) have a whole of life policy, and very few (3%) have an over 50s guaranteed whole of life policy.

Relatively few young adults have any life or protection cover – just 9% of 18-24 year olds and 29% of 25-34 year olds. Penetration is highest among 45-54 year olds (50%).

Figure 8.16 Insurance and protection products by age[57]



P_GIsum1. P_GI2/4/6/7/8. Insurances held. Base: all UK adults (12,865).

Over four in five (82%) UK adults have at least one general insurance product. The most commonly held products are motor insurance (61% of all UK adults), combined home building and contents insurance (49%), motor breakdown (36%) and single-trip or multi-trip travel insurance (24% and 22%, respectively).

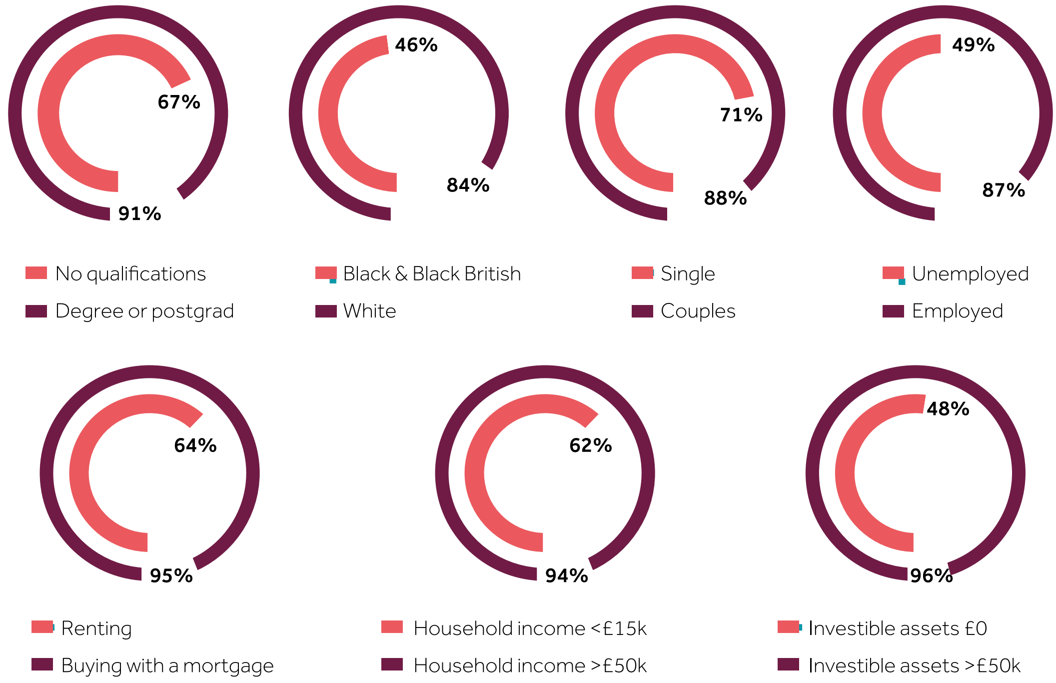
Age plays a large role in insurance penetration, as Figure 8.16 shows. Just three in five (59%) 18-24 year olds hold any general insurance product(s). This figure falls to 55% for men aged 18-24. One third (34%) of 18-24 year olds have a motor insurance policy, less than three in ten (27%) have had single-trip travel insurance in the last 12 months, just 13% have motor breakdown insurance and 12% have mobile phone insurance. No other insurance product is held by more than 10% of 18-24 year olds.

General insurance penetration is highest amongst 55-64 year olds, where nine in ten (89%) hold at least one product, and penetration rates do not decline by much beyond this age. Three quarters (72%) of 55-64 year olds have a motor insurance policy, three quarters (75%) have home contents cover (either through a combined contents and buildings policy or a standalone home contents policy), seven in ten (69%) have home buildings cover (again, either through a combined or standalone policy), and nearly half (47%) have a travel insurance policy (either single or multi-trip, or both).

Household income and education levels also influence general insurance penetration. Figure 8.17 shows that there are stark differences depending, for example, on household tenure, employment status and ethnicity. Most people (85%) buying their home with a mortgage have one or more general insurance products, whereas the same is true for fewer (61%) of those who rent.

57 Each box in the figure contains 100 squares, each of which represents 1% of the UK adult population or of the population within a certain age range. We should also note that the proportions highlighted are of those holding any insurance product (including: motor, home contents and buildings, home contents only, home buildings only, motor breakdown, single-trip travel, multi-trip travel, home emergency, legal, mobile phone, PMI, pet, extended warranty, healthcare cash plan, gadget, credit card, GAP, high value items, ID theft) or any protection product (including: life, critical illness, personal accident, income protection, funeral plan, MPPI, unemployment, PPI, long-term care, immediate needs annuity).

Figure 8.17 Insurance products held by UK adults by factors other than age[58]



P_GIsum1. P_GI2/4/6/7/8. Insurances held. Base: All UK adults (12,865).

58 Figure shows the proportion which hold any insurance product, including: motor, home contents and buildings, home contents only, home buildings only, motor breakdown, single-trip travel, multi-trip travel, home emergency, legal, mobile phone, PMI, pet, extended warranty, healthcare cash plan, gadget, credit card, GAP, high value items, ID theft.

9 Other emerging findings

As well as looking at product ownership, assets and debts, and exploring the stories across each of the age groups, a number of other findings begin to emerge from the Financial Lives Survey 2017.

This chapter is organised into three main sections, to:

- identify potentially vulnerable consumers, segment consumers by their financial resilience and explore lack of access to financial products
- look, broadly, at consumer attitudes to their finances and financial services, including lack of engagement
- focus on a number of consumer experiences and actions, ending with how the sum of their experiences are reflected in their satisfaction with and trust in financial service providers

In *Our Mission* 2017 we set out our aim to use our tools efficiently and cost-effectively to deliver the greatest public value.[59] To do this, we have adopted a decision-making framework that guides our decisions on where we use our resources. Stage one of that framework is the 'identification of harm, potential harm or markets not working as well as they could.' The Financial Lives Survey 2017 is just one of our sources of information on potential harm, seen from the point of view of the consumer.

Consequently, in this chapter, we present evidence of potential harm, for example potential harm that:

- is related to lack of financial resilience and the use of expensive forms of credit
- is linked to lack of engagement and knowledge when buying and managing financial products
- is revealed through what consumers tell us about mis-selling, unsolicited approaches that may be scams, personal security, and poor treatment by providers when in difficulty or when making a complaint

59 See *Our Mission* 2017, pp. 10-17: www.fca.org.uk/publication/corporate/our-mission-2017.pdf.

The potentially vulnerable and the excluded

Those showing characteristics of potential vulnerability

- A very large number of UK adults show characteristics of potential vulnerability, in particular characteristics related to financial resilience
- Characteristics of potential vulnerability are demonstrated by people of all ages, but more so by those 65 and over, peaking at 77% for those 85 and over
- Women account for the largest number of those with these characteristics. The highest proportions are among the unbanked, and among the unemployed who are looking for work

Potential vulnerability has been defined to take into account a range of characteristics. It covers those who may suffer disproportionately if things go wrong because they have low financial resilience.

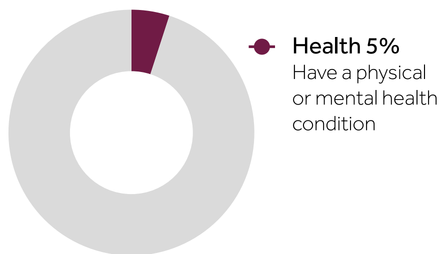
It also covers those who may be less able to engage with their finances or with financial services. The reasons for this can vary from suffering a recent life event (such as redundancy, bereavement or divorce) to low financial capability. It may also be a health-related problem that affects their day-to-day activities.[60]

Consequently, the potential for vulnerability may be permanent for some, and transient for others.

Figures 9.1 to 9.4 show the proportions deemed potentially vulnerable by different characteristics.

For one in twenty (5%) UK adults, a physical or mental health condition or illness may reduce their ability to carry out day-to-day activities a lot. This may in turn affect their ability to access or understand financial services.

Figure 9.1 Potential vulnerability – health

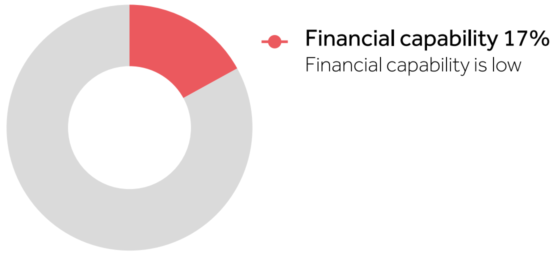


Vul_11 – Health. Base: All UK adults (12,865).

One in six (17%) UK adults deem their own financial capability as particularly low. Some rate their confidence in managing money or knowledge about financial matters as 0-3 out of 10. Some disagree strongly that they are confident and savvy consumers when it comes to financial services and products. Some give a low confidence rating, and also feel they are not savvy financial services consumers.

60 In Appendix 2 (**Methodological notes**) we set out the Financial Lives Survey 2017 questions and answers we have used to define potential vulnerability.

Figure 9.2 Potential vulnerability – financial capability

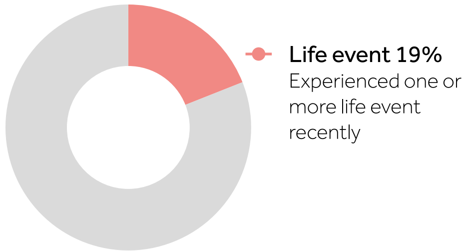


Vul_5 – *Capability*. Base: All UK adults (12,865).

A fifth (19%) of UK adults have experienced in the last 12 months one or more of the following serious events in their life:

- losing their job or redundancy
- reduction in working hours (against their wishes)
- bankruptcy
- relationship breakdown, separation or divorce
- a serious accident or illness, or that of a close family member
- death of a parent, partner or child
- becoming the main carer for a close family member

Figure 9.3 Potential vulnerability – life event



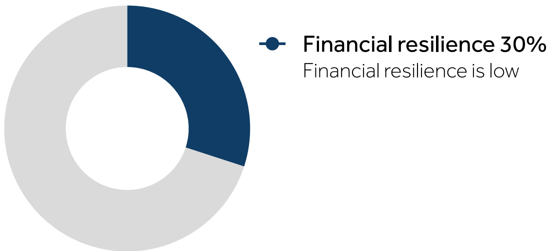
Vul_6 – Life Events. Base: All UK adults (12,865).

Just under a third (30%) of UK adults are characterised by having low financial resilience for one or more reasons:

- they are over-indebted
- they could not cope with a small financial shock (i.e. a £50 or less increase a month to their mortgage or rent)
- they would not be able to cover living expenses for even a week, if they lost their main source of household income

- they are retirees who say they are paying for day-to-day expenses with difficulty
- they are overdrawn constantly or usually overdrawn by the time they are paid or receive other income

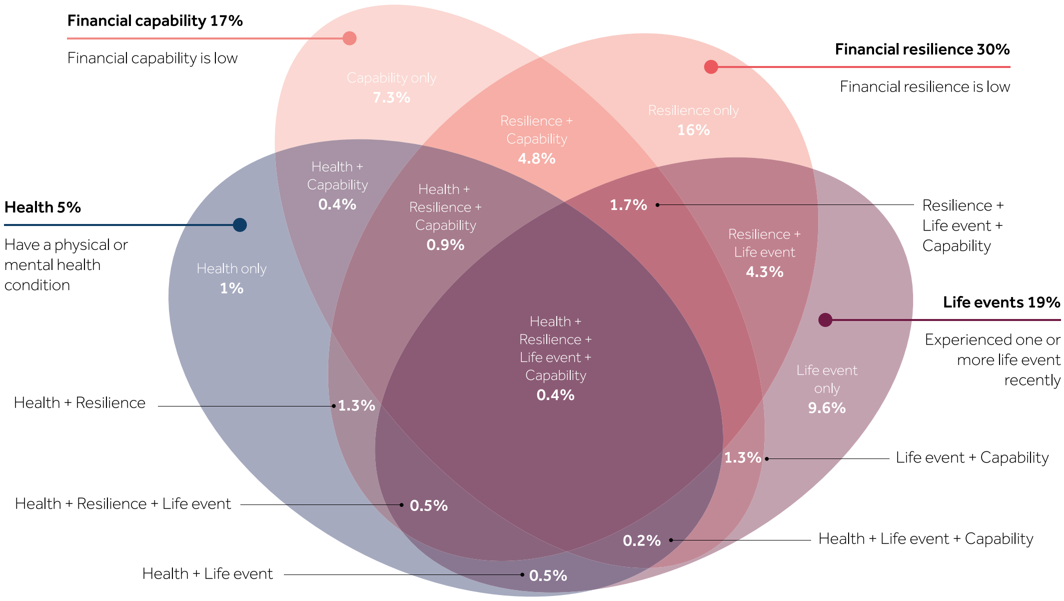
Figure 9.4 Potential vulnerability – financial resilience



Vul_4 – Resilience. Base: All UK adults (12,865)

Figure 9.5 shows the overlaps between these four groups. Of the 30% of UK adults with low financial resilience, some are also defined as potentially vulnerable due to health issues, low financial capability, or a recent relevant life event. These particular combinations are demonstrated by 1.3%, 4.8% and 4.3% of the UK population, respectively.

Figure 9.5 Potential vulnerability – combined characteristics[61]



Vul_venn2 – Potential vulnerability – breakdown of component measures. Base: All UK adults (12,865).

In total, half (50%) of UK adults show one or more characteristics of potential vulnerability. This equates to 25.6 million people. Who are they and what behaviours and experiences are they more likely to have?

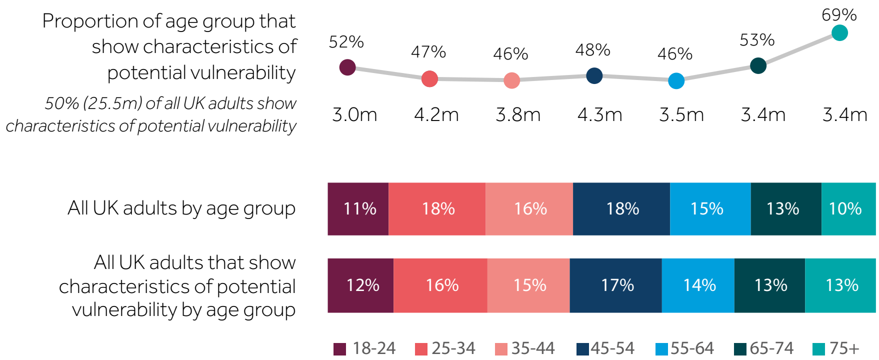
61 In this Venn diagram the size of each portion bears no similarity to the proportion of UK adults represented by it. What each portion show is a combination of vulnerability characteristics and proportion of UK adults demonstrating them. For definitions of 'financial capability,' 'financial resiliance,' 'health' and 'life events,' please see Table A.1 in Appendix 2.

UK adults of all ages can have characteristics of potential vulnerability, with above average proportions of those 18-24 (52%) and 65-74 (53%) being potentially vulnerable, as Figure 9.6 shows. From 65 onwards, the propensity to have these characteristics increases with age: 69% of those aged 75 and over have characteristics of potential vulnerability, as do 77% of those aged 85 and over.

Figure 9.6 shows differences in potential vulnerability levels by age. It provides results in two ways. For example:

- while 55-64 year olds make up 15% of all UK adults, they account for a smaller proportion (14%) of all UK adults with the characteristics of potential vulnerability
- looking just at 55-64 year olds, 46% of them have these characteristics, i.e. below average compared with the UK overall average of 50%
- translated into absolute numbers: 3.5m UK adults are both 55-64 and show characteristics of potential vulnerability

Figure 9.6 Potential vulnerability by age



Vul_13 – Potential vulnerability. Base: All UK adults (12,865).

Looking beyond age we find that, compared with all UK adults, those who have characteristics of potential vulnerability are more likely:

- to be female
- not to be in a couple
- not to be employed
- to have no formal educational attainment
- to leave most financial decisions to someone else
- to be renting
- to be non-internet users, or to rate their ability to use the internet as low

In terms of their financial behaviour and experiences, those who have characteristics of potential vulnerability are also more likely to have no investable assets, to be overdrawn at the moment, to revolve their credit card balances, and to be unbanked.

They live across the UK, with above average proportions in the North West (54%) and in the devolved nations (Northern Ireland: 55%, Wales: 54%, Scotland: 53%).

Table 9.1 sets out, in descending order of the proportion of that group that show characteristics of potential vulnerability, a number of factors associated more with potential vulnerability than non-vulnerability.

The table provides results in two ways. So, for example:

- while the unbanked make up 3% of all UK adults, they account for a larger proportion (4%) of all UK adults showing characteristics of potential vulnerability
- looking just at the unbanked, 77% of them have characteristics of potential vulnerability, i.e. an above average proportion compared with the UK overall average of 50%
- translated into absolute numbers: 1.0m UK adults are unbanked and potentially vulnerable

Table 9.1 Factors other than age more associated with potential vulnerability

	% UK adults	% potentially vulnerable UK adults	% of that group that are potentially vulnerable	Number that are potentially vulnerable (millions)
Unbanked	3%	4%	77%	1.0m
Unemployed and looking for work	3%	5%	77%	1.2m
No investable assets	12%	17%	74%	4.4m
Have never used the internet	10%	15%	73%	3.8m
No qualifications	12%	16%	68%	3.9m
Renting	29%	38%	66%	9.7m
Overdrawn at the moment	9%	12%	66%	3.1m
Do not pay income tax	24%	32%	65%	8.2m
All financial matters dealt with by a spouse, partner or other adult	3%	4%	65%	0.8m
Retired	23%	29%	64%	7.3m
Use the internet but rate their ability to use it as 'poor' or 'bad'	5%	6%	64%	1.4m
Leave most financial matters to a spouse, partner or other adult	8%	10%	61%	1.7m
Student	4%	4%	60%	1.1m
Not in a couple	37%	43%	59%	11.0m
Revolve balance on a credit card	19%	20%	54%	5.1m
Female	51%	54%	53%	13.9m

Vul_13 – Potential vulnerability. Base: All UK adults (12,865).

Table 9.2 shows product ownership. Those with characteristics of potential vulnerability are more likely than the non-vulnerable to hold more expensive forms of credit. They are less likely to hold any form of insurance or protection, savings or investments. They are twice as likely to have high-cost credit, and four times as likely to have a Post Office card account.[62]

62 See Appendix 1 (**Product ownership**) for full details of product incident rates and the difference in these between potentially vulnerable and non-vulnerable consumers.

Table 9.2 Products more or less likely to be held by those showing the characteristics of potential vulnerability

Products the potentially vulnerable are more likely to hold	Products the potentially vulnerable are less likely to hold
Overdraft	Current account
Retail finance	Any form of insurance
Credit card – and *be* a revolver	Any form of saving account
Catalogue credit	Credit card
High-cost loan	DC pension
Post Office card account	Any form of protection
Credit union saving account	Any mortgage
Credit union loan	Any form of investment

POSum1 – Product Holding Summary. Base: All UK adults (12,865).

Very large numbers of those showing characteristics of potential vulnerability are also found in groups with below average proportions of potentially vulnerable adults. For example, 41% of the employed are potentially vulnerable; this is below the average of 50% for all UK adults, but equates to 11.3 million adults. Of those educated to degree level or above, 41% show characteristics of potential vulnerability, equating to 5.9 million adults.

Low financial resilience

- Around 15 million people lack or have low financial resilience
- Just under 8 million are over-indebted
- Just under 100,000 have used an unregistered lender in the last 12 months

We have noted that the most prevalent characteristic of potential vulnerability, shared by three in ten (30%) UK adults, is lack of or limited financial resilience – which we refer to as low financial resilience. This indicates how exposed some consumers are to plausible increases in interest rates and prices or a small change in their circumstances.

Table 9.3 provides some other examples of potential harm associated with financial resilience. The results are provided in descending order of the proportion and number of UK adults affected. For example:

- seven per cent of UK adults state their household could continue to cover living expenses for under a week, if they lost their main source of income, without having to borrow money or ask for help from friends or family

- among those paying a mortgage or rent, one in six (17%) state they would struggle, if monthly payments increased by less than £50. This equates to 10% of all UK adults. Of these, over a third state they would struggle with even the smallest increase of a pound or two

- when interviewed, 7% of UK adults were borrowing from friends and family, or had done so in the previous 12 months; 6% had taken one or more high-cost loans in the same period. Only 0.2%, but still just under 100,000 UK adults, had used an unregistered lender

Table 9.3 Examples of potential harm associated with financial resilience[63]

	% of UK adults	Total number of UK adults
Lack or have low financial resilience	30%	15.3m
Over-indebted: fallen behind on, or missed, any payments for credit commitments or domestic bills for any three or more months in the last six months and/or find it a heavy burden to keep up with bills and credit commitments	15%	7.7m
Would struggle if monthly mortgage and/or rent payments increased by less than £50	10%	5.1m
Loss of the main source of income would mean the household could continue to cover living expenses for less than a week, without having to borrow any money or ask for help from friends or family	7%	3.6m
One or more high-cost loans in the last 12 months	6%	3.1m
Used an unregistered lender in the last 12 months	0.2%	0.1m

Base: All UK adults (12,865).

Those we describe as being in difficulty

- We define 8% of UK adults as in difficulty, because they have already failed to pay domestic bills or meet credit commitments recently in three or more of the last six months
- The oldest are the least likely to be in difficulty, with only 1% of those 75 and over being in this category – this is quite a different result from that for potential vulnerability, where the oldest are the most likely to show characteristics of vulnerability

Those in difficulty make up 8% of the UK adult population, or 4.1 million people. They say that they have not paid domestic bills or met credit commitments in three or more of the last six months. They are a subgroup of those who show characteristics of potential vulnerability, and are arguably the least financially resilient of the potentially vulnerable.

As well as those in difficulty, there are larger proportions of the UK adult population, who are either surviving (27%) or financially resilient (65%).[64]

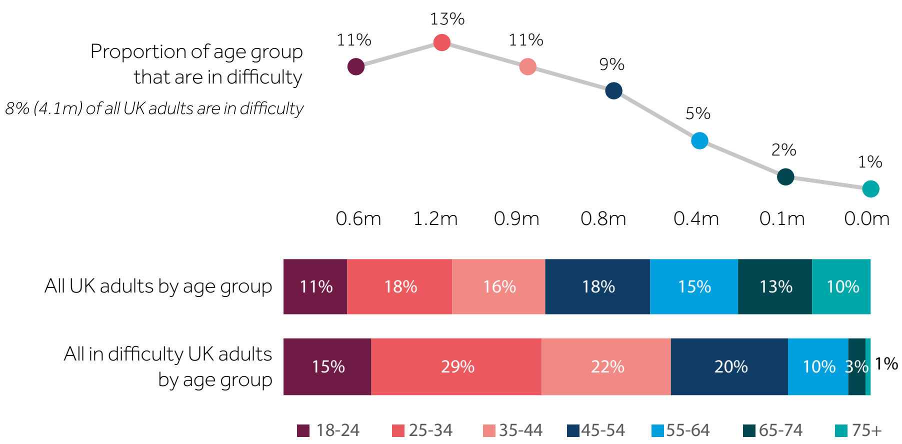
Figure 9.7 shows differences in being in difficulty by age. For example, 18-24 year olds make up 11% of all UK adults, but 15% of all UK adults that are in difficulty. Looking at 18-24 year olds only, 11% of them are in difficulty, compared with 8% of all UK adults.

63 These examples are not mutually exclusive, e.g. those over-indebted are a subgroup of those with little or no financial resilience, as are those who are in difficulty. Please see the **Glossary of terms**.

64 In Appendix 2 (**Methodological notes**) we set out the Financial Lives Survey 2017 questions and answers we have used to define in difficulty, surviving and financially resilient.

UK adults of all ages are in difficulty. This includes above average proportions of those in the 18-54 age groups, compared with below average proportions of those aged 55 and over. From 55 onwards, being in difficulty decreases with age. Only 1% of those aged 75 and over are in difficulty, as are under 0.5% of those aged 85 and over.

Figure 9.7 Being in difficulty by age

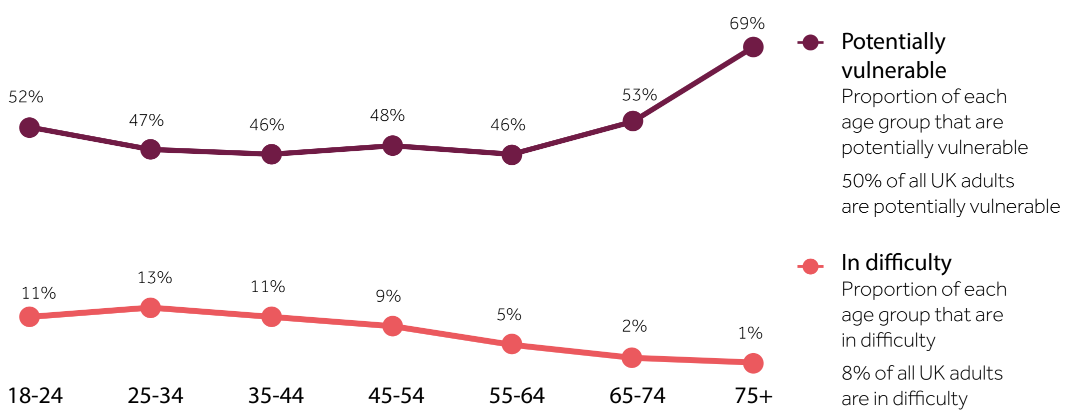


K2. *In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months?* Base: All UK adults (12,865).

Those in difficulty are a subset of those who show characteristics of potential vulnerability. Figure 9.8 captures the differences by age in the levels of potential vulnerability and of being in difficulty.

The propensity to demonstrate the characteristics of potential vulnerability broadly increases with age in terms of the proportion of each group that are potentially vulnerable. The same is not true for being in difficulty. While seven in ten (69%) of all aged 75 and over show characteristics of potential vulnerability (compared with 50% of all UK adults), only 1% of all aged 75 and over are in difficulty (compared with 8% of all UK adults).

Figure 9.8 Potential vulnerability and financial resilience by age

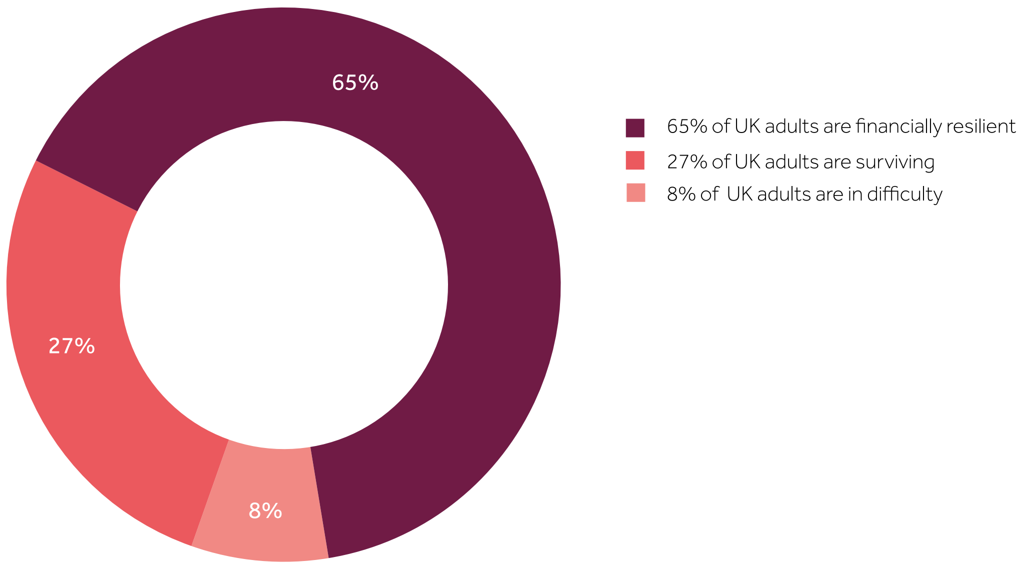


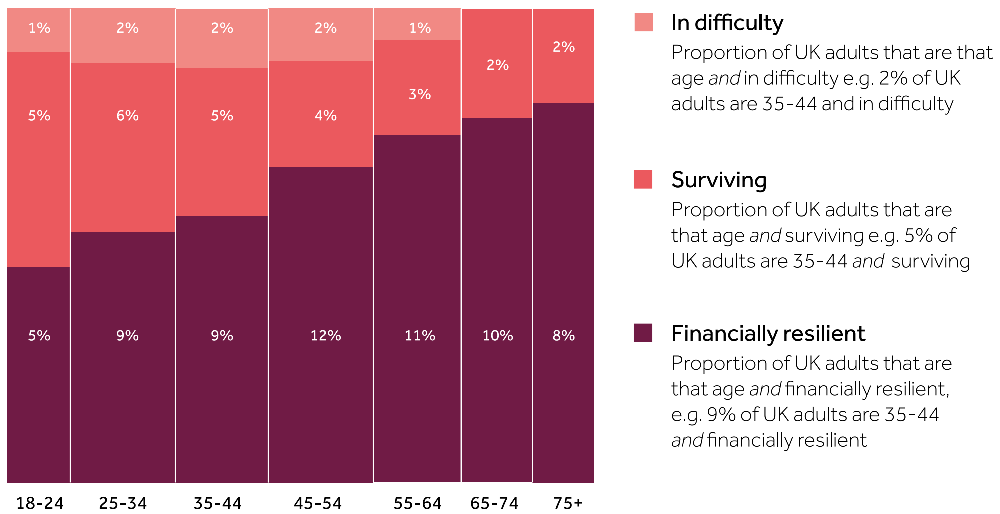
Vul_13 – Potential vulnerability. K2. *In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months?* Base: All UK adults (12,865).

Looking now at the three groups (in difficulty, surviving and financially resilient), Figure 9.9 divides the whole UK adult population by age into these groups, firstly at total level. The circle chart is a reminder that 8% of all UK adults are in difficulty, while 27% are surviving and 65% are financially resilient.

The second part of the figure takes all UK adults and divides them by age *and* by whether they are in difficulty, surviving or financially resilient. Hence, for example, 1% of the UK population are 18-24 *and* in difficulty, while 8% are 75 and over and financially resilient. The proportions in this figure sum to 100% of the UK adult population.

Figure 9.9 Proportions of UK adults that are in difficulty, surviving and financially resilient, by age





Base: All UK adults (12,865).
See page 186 for defining those in difficulty, surviving or financially resilient

Those unable to access financial products

- At least 9% of UK adults, or 4.5 million people, state they have been declined a financial services product in the last two years
- Consumers who were refused products associate this, mostly, either with their credit history, their income, or both
- Half of those refused, on the most recent occasion of this happening, state they could not get the product they wanted from another provider
- More had been declined a credit card or a personal loan than any other product. These customers are more likely to be over-indebted. This suggests that providers may have been right to refuse these customers
- Some consumers with higher incomes and savings are also refused. It may be that they have no credit history, rather than a poor credit history

Our Financial Lives Survey 2017 looks at the incidence of UK adults who were refused products, although not at the rate of refusals among applicants. Consequently, we do not know if fewer refusals in some groups result from lower application levels.

We asked respondents about a number of financial products. In the last two years almost one in ten (9%) UK adults have been declined one or more of the following products: current account, credit card, store card, personal loan, mortgage, home building and home contents insurance (separately or joint), motor insurance, pet insurance, travel insurance, life insurance, critical illness cover or life insurance. We conclude that at least 9% of UK adults have been declined for a financial services product in the last two years, because the Financial Lives Survey 2017 only asked about this list of products.

In respect of the latest time a product was declined, half (49%) of those refused were unable to get the product they needed. Others variously purchased an alternative product or got what they needed from another provider. This meant sometimes having to pay more or put up with different terms and conditions.

Half (51%) associate being declined with their credit history, while a quarter (24%) think their income was a contributing factor. The over-indebted, those with no investments, and people who have separated or divorced in the last 12 months see above average refusal levels. Larger proportions of those who have characteristics of potential vulnerability have experienced refusals, compared with those without these characteristics. Those declined include 27% of those in difficulty, 10% of those surviving and 5% of the financially resilient. Looking just at the group of those declined any of the products listed, 28% were in difficulty, 30% surviving and 42% financially resilient.

It is worth noting that sizeable numbers of customers who seem better off state they have been refused. This includes 7% with investable assets of £50,000 or more, and 8% of those with a household income of £50,000 or more.

By product, levels of refusal were 2% or less for most of the products tested. This was not the case for credit cards and personal loans, where 5% and 3% were turned down. This equates to 2.3m and 1.3m adults, respectively. Table 9.4 provides examples of the types of adults who have experienced above average levels of refusal.

Table 9.4 UK adults more likely to state they have been declined a credit card or personal loan in the last two years

	Declined: all UK adults	Groups where level of being declined is above average
Credit card	5%	**6%: Potentially vulnerable, compared with 3%: Not vulnerable**
		9%: Low confidence in managing money
		10%: 25-34
		10%: Renting
		11%: Single with children
		13%: No investable assets
		14%: Reduction in hours/lost job/redundancy/bankruptcy
		16%: Over-indebted
		[16%]: Separation/divorce
Personal loan	3%	**4%: Potentially vulnerable, compared with 1%: Not vulnerable**
		5%: Low confidence in managing money
		6%: 25-34
		6%: Renting
		8%: Single with children
		9%: Reduction in hours/lost job/redundancy/bankruptcy
		9%: 3 or more financially dependent children
		10%: No investable assets
		12%: Over-indebted
		[12%]: Separation/divorce

AC1. *In the last 2 years, has a provider declined to sell you any of the following financial products, or have you been declined financial advice or another service (even if you were later able to access a similar product or service)?* Base: All UK adults (u-w: 3,192/w: 12,584).

Some customers were not declined outright for a product, but were offered one at a price, or with terms and conditions, they felt to be 'completely unreasonable'. In this case, 6% of all UK adults are affected. More cite price, rather than terms and conditions, as the issue. The main products mentioned were, again, credit cards and personal loans. More customers with characteristics of potential vulnerability were affected.

In terms of age, below average proportions of those aged 55 and over state they have been declined products. Among younger age groups it is those aged 25-34 who state they have been experiencing the highest levels of being declined. The 35-44 year olds follow closely behind. There is a similar pattern for products offered at a price, or with terms and conditions, consumers find 'completely unreasonable'. These findings are summarised in Table 9.5.

Table 9.5 UK adults who state they have been declined financial products in the last two years, or been offered them at a price or with terms and conditions they consider 'completely unreasonable', by age

	All UK adults	18-24	25-34	35-44	45-54	55-64	65-74	75+	85+
Declined any product	8%	7%	14%	12%	9%	6%	3%	2%	[3%]
Declined a credit card	5%	1%	10%	7%	5%	4%	0%	–	–
Declined a personal loan	3%	3%	6%	4%	3%	1%	1%	–	–
Offered a product at a price, or with terms and conditions, felt to be 'completely unreasonable'	6%	4%	8%	7%	9%	6%	5%	2%	[2%]

AC1. *In the last 2 years, has a provider declined to sell you any of the following financial products, or have you been declined financial advice or another service (even if you were later able to access a similar product or service)?* Base: All UK adults (u-w: 3,192/w: 12,584).

AC7. *In the last 2 years, have you been offered a financial product or service that you wanted, but at a price or with terms and conditions that you felt to be completely unreasonable?* Base: All UK adults (u-w: 3,193/w: 12,586).

Twelve per cent of people holding credit state they have been rejected for an application for any kind of credit in the last 12 months. A fifth (19%) have been put off applying for any kind of credit, because they thought their application would be rejected. Reasons given for not applying were split roughly between those who saw no point in applying and others who had a more substantive reason, including concerns about damage to their credit rating.

The unbanked[65]

- 1.3 million UK adults are unbanked, i.e. have no current account or alternative e-money account
- Those more likely to be unbanked are the youngest (18-24) and oldest (85 and over)
- Around three in eight of the unbanked would prefer to have a bank account
- Most of the unbanked 85s and over have a Post Office card account instead
- This leaves the youngest age group with the greatest proportion of unbanked adults *and* the greatest proportion of those who see this as a problem

We define unbanked as those without a current account or an alternative e-money account. The unbanked make up 3% of the UK adult population (or 1.3 million adults).

Table 9.6 shows the most likely to be unbanked are those 18-24 or 85 and over, with 5% of each group unbanked. Interestingly, the proportions drop to 4% and 1%, respectively, when day-to-day accounts are considered. The difference in the drop is largely explained by those aged 85 and over using a Post Office card account as a day-to-day account.

65 For more detailed statistics on on the profile of the unbanked, see Appendix 1 (**Product ownership**).

Table 9.6 Unbanked UK adults by age

	Total UK adults	18-24	25-34	35-44	45-54	55-64	65-74	75+	85+
Unbanked	3%	5%	3%	2%	2%	2%	2%	4%	5%

P_RB1asum1. Unbanked summary. Base: All UK adults (12,865).

Others more likely to be unbanked, i.e. not to have a current account or an e-money account are:

- women
- the unemployed
- students
- people with household incomes of under £15,000
- those who show characteristics of potential vulnerability
- those financially in difficulty or surviving
- non-internet users

Table 9.7 shows, in descending order of the proportion of each group that is unbanked, the groups more likely to be unbanked. So, for example, while 3% of UK adults are unbanked, the same is true for 6% of those who show characteristics of potential vulnerability. Looking only at those with these characteristics, they account for 50% of all UK adults but 77% of the unbanked.

There are more unbanked in the younger groups (41% are 18-34) than in the middle years (35% are 35-64); a substantial proportion are 65 and over (23%). The most telling result is for those 18-34, since this age groups represents 29% of all UK adults, but 41% of all unbanked UK adults.

Table 9.7 UK adults more likely to be unbanked

	% unbanked UK adults	% UK adults	% of the unbanked that are ....
Total	3%		
Show characteristics of potential vulnerability	4%	50%	77%
Household income of less than £15,000	6%	20%	62%
Female	3%	51%	58%
Non-internet user	6%	10%	25%
Unemployed	13%	4%	22%
18-34	4%	29%	41%
35-64	2%	49%	35%
65+	3%	22%	23%

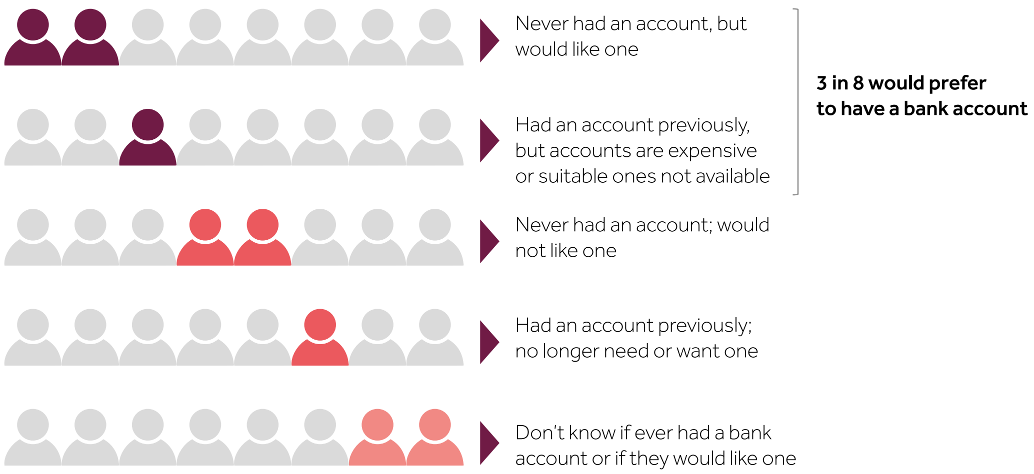
P_RB1asum1. *Unbanked summary*. Base: All UK adults (12,865)/All UK adults who are unbanked (u-w: 272/w: 325).

Of the unbanked, more than half (57%) have never had a current account or an e-money account in the past, a quarter (24%) have done so, while one fifth (19%) did not know whether they have done so or not.

Not all those who are unbanked see being so as a problem.

Of those who have had an account previously, around one in two no longer want or need one. Around the same proportion of those who had never had an account would not like to have one. The following picture emerges, as shown in Figure 9.10. Due to low base sizes, results are only indicative. However, at least three in eight of the unbanked would prefer to have an account. This includes one in four of the unbanked who have never had an account but would like one, and one in eight who no longer have an account due to cost or lack of a suitable product.

Figure 9.10 Unbanked UK adults' preferences to have a bank account



UN1. *You mentioned earlier that you do not have a bank current account or an e-money alternative account. Have you previously had a current account or an e-money account?* UN3. Why do you no longer have a current account or an e-money account? UN4. Right now would you like to have a current account or an e-money account?
Base: All UK adults who are unbanked (u-w: 272/w: 325).

Six in ten (60%) of the unbanked are unaware that banks have to offer everyone a basic bank account, irrespective of their credit rating.

Consumer attitudes, knowledge and behaviour

The Financial Lives Survey 2017 explores the attitudes towards and knowledge of UK adults to do with their finances and financial products and services, and their reported behaviour in dealing with financial services.

In this section we highlight some findings from relevant survey questions. We start by looking at peoples' general attitudes, in particular how they rate their own confidence when managing their money; their satisfaction with their financial circumstances; how knowledgeable they feel about financial matters, and their level of perceived savviness.

We then go on to explore consumers' level of knowledge, including some of the misconceptions they have about the financial products they hold.

Finally, we consider consumer attitudes and behaviour when it comes to switching products and shopping around to do so, providing insight into the treatment of existing customers and helping to identify barriers to shopping around and switching.

Financial attitudes

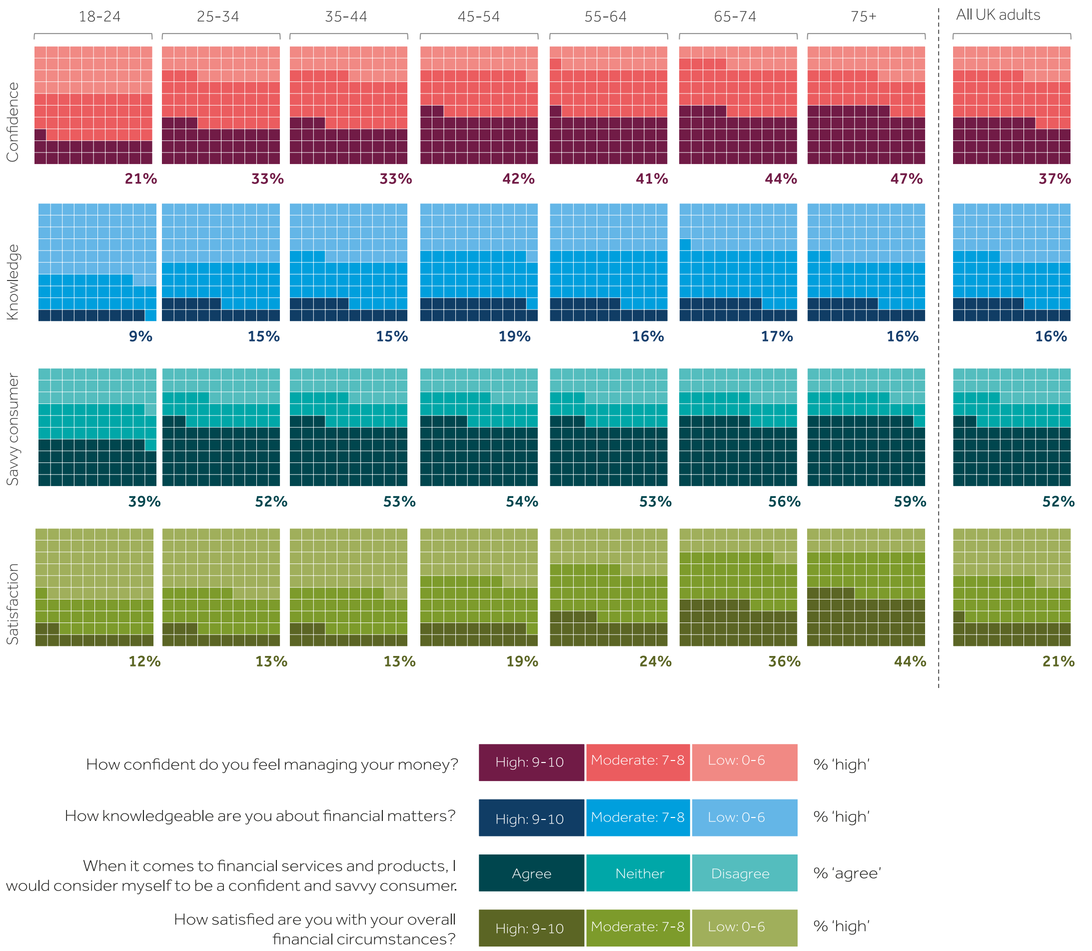
- Confidence in managing money and knowledge about financial matters increases with age
- The same is true for satisfaction with financial circumstances
- Even so, a quarter of UK adults (12.3 million people) have little or no confidence in managing their money
- Older consumers prefer to stick with brands they know for financial services and products. This peaks at 82% of those 75 and over, compared with the UK average of 65%

A quarter (24%) of all UK adults have little or no, i.e. low, confidence in managing their money. There is a significant proportion of all age groups who find financial matters difficult. As Figure 9.11 shows, confidence does increase with age: 40% of 18-24 year olds describe their confidence in managing their money as low, compared with just 16% of 65-74 year olds.

Almost half (46%) of all UK adults feel they have low knowledge about financial matters. Again, self-rated knowledge improves with age, but a significant number of adults in all age groups rate their knowledge as low. This ranges from 62% of 18-24 year olds to 39% of 55-64 and 65-74 year olds.

In Figure 9.11, the percentage highlighted each time is for those giving a high rating (i.e. for confidence and knowledge) or agreeing with the statement (i.e. that they are a confident and savvy consumers).

Figure 9.11 Attitudes to money and finances by age[66]



AT1a (REBASED). *How confident do you feel managing your money?* Base: All UK adults (u-w: 12,765/w: 12,754), excluding 'don't know' responses (1%).

AT5 (REBASED). *How knowledgeable would you say you are about financial matters?* Base: All UK adults (u-w: 12,730/w: 12,700), excluding 'don't know' responses (1%).

AT1c_3 (REBASED). *How much do you agree or disagree with the following statement – When it comes to financial services and products, I would consider myself to be a confident and savvy consumer?* Base: All UK adults (u-w: 12,637/w: 12,584), excluding 'don't know' responses (2%).

AT1b (REBASED). *How satisfied are you with your overall financial circumstances?* Base: All UK adults (u-w: 12,753/w: 12,735), excluding 'don't know' answers (1%).

Figure 9.11 also shows how satisfied UK adults are with their own financial circumstances. Two fifths (42%) overall have low levels of satisfaction. Younger adults are more likely to be dissatisfied with their financial circumstances.[67] This satisfaction level only notably increases from the age of 55 onwards. For example, low satisfaction is recorded for 60% of 18-24 year olds but for 21% of those 75 and over.

66 In this figure the proportions highlighted for confidence, knowledge and satisfaction are of UK adults rating themselves highly on each of these, i.e. giving a score of 9-10 out of 10. The proportions highlighted for 'savvy consumer' are of UK adults who agree they are. Each box in the figure contains 100 squares, each of which represents 1% of the UK adult population or of the population within a certain age range.

67 We describe low scores of 0-6 out of 10 as being dissatisfied or as having low satisfaction.

Beyond age, we note that:

- satisfaction improves as household incomes increase. For example, just 19% of adults with a household income of less than £15,000 are highly satisfied with their financial circumstances. This compares to 25% for those with a household income of £50,000 or more

- people who own their home outright are significantly more satisfied than people with a mortgage. These in turn are more satisfied than people who are renting: 38% of people who own their home outright are highly satisfied, compared with 16% of those with a mortgage and 12% of those who are renting

- single parents are significantly more dissatisfied than couples with children: 62% of single parents are dissatisfied with their financial circumstances and just 10% are highly satisfied. This compares with 47% and 16%, respectively, for couples with children

- people with financially dependent children are more likely to be dissatisfied with their financial circumstances than those without children. Dissatisfaction is higher for people with larger families. For example, 38% of adults without financially dependent children are dissatisfied, compared with 51% of those with one or two children, and 57% of those with three or more children

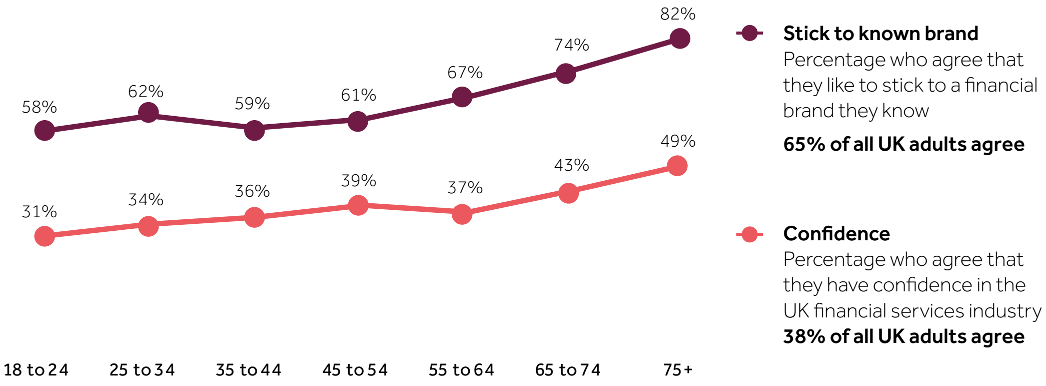
- the majority of unemployed adults are dissatisfied with their financial circumstances: 72% are dissatisfied and just 10% are highly satisfied. In contrast, relatively few retirees are dissatisfied (21%)

- people with no formal qualifications are more satisfied with their financial situation on average than people with qualifications. For example, 31% of those with no qualifications are highly satisfied, compared with 23% of those with a graduate or post-graduate degree

When it comes to financial services and products, an extremely high proportion of older adults say they prefer to stick to known brands, as Figure 9.12 shows. This is surprising given their higher levels of financial knowledge, confidence and 'savviness'. Over two thirds (67%) of 55-64 year olds, three quarters (74%) of 65-74 year olds and over four fifths (82%) of those 75 and over prefer to stick to a brand they know.

One possible explanation for this may be that relatively few adults (38%) have confidence in the UK financial services industry. This confidence increases among older adults: 43% for 65 74 year olds, and 49% for adults aged 75 and over. Another contributing factor may also be that they are more satisfied than younger adults with their financial circumstances.

Figure 9.12 Brand loyalty and confidence in the UK financial services industry by age



AT2_1 (REBASED). *How much do you agree or disagree with the following statements? I like to stick with a financial brand I know.* Base: All UK adults (u-w: 12,579/w: 12,528), excluding 'don't know' responses (2%).
AT2_2 (REBASED). *How much do you agree or disagree with the following statements? I have confidence in the UK financial services industry.* Base: All UK adults (u-w: 12,585/w: 12,515), excluding 'don't know' responses (2%).

Lack of knowledge and engagement

- UK adults lack critical knowledge about products they hold, for example, nearly 17 million with motor insurance do not know what *no claims protection* means
- 6 million pay into a pension, without knowing if it is a DC or DB scheme
- 900,000 who accessed a DC pension in the last two years did not understand the options they had to do so 'very well'
- 700,000 have a residential mortgage and do not know if it is repayment or interest-only

As we have seen, nearly half (46%) of all UK adults rate their own knowledge about financial matters as low. Lack of knowledge and lack of engagement create conditions for harm to occur more readily. Customers may be mis-sold, or take out unsuitable products, if they are not engaged with products or do not understand fully what they are buying. Lack of understanding or engagement may also have a negative effect on competition, as consumers may pay too much for products or be unable to judge quality effectively.

The Financial Lives Survey 2017 tells us that:

- [45%] of consumer credit holders who have paid for debt advice in the last 12 months didn't know that free debt services existed
- of unbanked UK adults, three fifths (60%) do not know that banks have to offer everyone a basic bank account. This means that some of the unbanked who would prefer to have a bank account were not armed with this information[68]

68 See **The unbanked** earlier in this chapter.

- three in eight (37%) of those with a day-to-day account have not heard of the Financial Services Compensation Scheme (FSCS)
- across all sectors, some of those with problems who do not complain about them put this down to not knowing how to do so[69]

Table 9.8 outlines further examples of lack of consumer engagement and understanding across a range of products.

Table 9.8 Examples of lack of consumer engagement and understanding of the financial products they hold

	% of UK adults	Total number of UK adults
Understanding of financial products		
Contributing to an employer-arranged pension, *and* do not know if it is a DC or DB pension	13%	6.4m
Accessed a DC pension(s) in the last two years – did not understand access options 'very well'	1.7%	0.9m
Accessed a DC pension(s) in the last two years – did not understand access options at all or even that options exist	0.7%	0.4m
Have one or more general insurance and protection (GI&P) products – do not know if price comparison websites cover all providers in the market or think that they do	45%	23.2m
Have motor insurance – do not know what *no claims protection* means	33%	16.9m
Have a residential mortgage – disagree that mortgage products are simple to understand	10%	5.2m
Have a credit card (with a revolving balance) – disagree that they understood their product well when taking it out	0.7%	0.4m
Have catalogue credit – disagree that they understood their product well when taking it out	0.6%	0.3m
Have a credit card (with a revolving balance) – did not know the APR on their product when taking it out	2%	1.2m
Have catalogue credit – did not know the APR on their product when taking it out	2%	1.1m
Engagement with financial products		
Have a DC pension, *and* have never reviewed where it is invested	27%	13.5m
Have a DC pension, *and* not aware of charges incurred	17%	8.5m
Have a DC pension, but have never thought about how much they should be saving into it each year to maintain a reasonable standard of living when they come to retire	15%	7.5m
Have a DC pension, *and* do not know how much contributing	12%	6.0m
Have one or more GI&P products – would 'go for the cheapest' rather than compare the cover of different products	23%	11.9m
Do not know how long they have left to pay on their residential mortgage	4%	2.1m
Do not know if their residential mortgage is on a fixed or variable rate	2%	0.9m
Do not know if their residential mortgage is repayment or interest-only	1%	0.7m
Product information		
Have a DC pension, *and* do not recall receiving an annual statement	10%	5.0m

69 See **Problems and complaints** later in this chapter.

	% of UK adults	Total number of UK adults
Have a DC pension, received and read annual statement, *and* did not understand it very well or at all	4%	2.0m
Have one or more GI&P products – do not think they have enough information to decide, on quality, between different policies	24%	12.4m
Have motor insurance (taken out, renewed or switched in the last three years) – do not look at policy documentation at all	4%	2.2m
Took out or made a significant change (e.g. internal switch) to their mortgage in last three years: agree that there was too much information to deal with during the mortgage application process	5%	2.8m
Have a residential mortgage – disagree that information provided by lenders is clear and understandable	2%	1.1m
Have a credit card (with a revolving balance) – looked at their credit agreement and pre contract information briefly when taking out their product	5%	2.7m
Have catalogue credit – looked at their credit agreement and pre contract information briefly when taking out their product	2%	1.1m

Base: All UK adults (12,865).

For base information please see page 188.

Switching and shopping around

- Many consumers compare providers, but far fewer switch
- Motor insurance is the product most people shop around for – 13.2 million UK adults shopped around when they took out their motor insurance in the last three years
- Day-to-day accounts have one of the lowest switching rates, whereby 6% of UK adults switched their account in the last three years
- 29 million UK adults with a day-to-day account are long-standing customers, having held their account for 10 years or more
- Those 65 and over and those who show characteristics of potential vulnerability are more likely to be long-standing customers
- The main reason given for not switching or shopping around is satisfaction with existing providers
- For most products people are not put off from switching or shopping around because the process is difficult or because they do not know how to
- Most people who shop around and switch find it easy to do so

In this section we explore consumer attitudes and behaviour when it comes to switching products (i.e. changing the provider of a product) and shopping around (i.e. comparing providers by looking at the products, prices, or terms and conditions offered).

This provides insight into the treatment of existing customers. It also helps to identify barriers to switching, and customer views on transparent pricing, product choice and availability.

Switching rates and long-standing customers

We compare results across 13 products in general insurance and protection, retail banking, cash savings and mortgages. The context in which customers might switch products differs. For example, there is an obvious difference between products that are re-negotiated each year, such as motor insurance, where there is an annual prompt to consider switching in the form of a new price offer, and those such as a current account where no prompt is provided. It is also possible that a high switching rate might be a good thing for one product but not for another.

Table 9.9 shows that switching is lowest for mobile phone insurance, life insurance and day-to-day accounts; only [2%] of life insurance holders, [3%] of those holding mobile phone insurance and 6% of adults with a day-to-day account have switched their provider in the last three years. Motor insurance has the highest level of switching, with 55% of consumers switching their provider in the last three years.

Low levels of switching are, in most cases, accompanied by higher proportions of customers having stayed with their provider for lengthy periods of time. Three fifths (60%) of day-to-day account holders have had their account with the same provider for over 10 years and one in six (15%) have done so for between five and 10 years.

Table 9.9 Switching rates by customers in the last three years,[70] and the proportions of customers holding products with the same provider for 5 to 10 years and 10 years or more[71]

Holders of:	Switched provider in the last three years	Held product with same provider for 10 years or more	Held product with same provider for at least five years but less than 10 years
Motor insurance	55%	8%	11%
Home (contents & buildings) insurance	36%	16%	7%
Pet insurance	[35%]	[2%]	[11%]
Motor breakdown insurance	32%	20%	13%
Multi-trip travel insurance	[21%]	[12%]	[16%]
Home emergency insurance	[10%]	[31%]	[27%]
Cash ISA	10%	17%	24%
Savings account	9%	27%	18%
NS&I bond	8%	15%	12%
Day-to-day account[72]	6%	60%	15%
Mobile phone insurance	[3%]	[0%]	[15%]
Life insurance	[2%]	[32%]	[20%]
Residential mortgage	No comparable data	31%	19%

GI1a/b. *When you took out your [PRODUCT], was this a new policy you didn't already hold or did you switch from another provider?* RB102b/RB47. *When you opened your [PRODUCT], were you…? RB99/GI3. How long have you held your [PRODUCT] with your current provider?* RB20a. *For how long have you had your [ACCOUNT]?* M3/M3a + M3b. *How long ago did you take out the residential mortgage you currently have on the property?*

Base: All UK adults who hold each product (motor insurance – u-w: 370/w: 5,277; home contents & buildings – u-w: 237/w: 4,608; motor breakdown – u-w: 151/w: 2,929; multi-trip travel insurance – u-w: 88/w: 1,872; home emergency – u-w: 80/w: 1,498; pet insurance – u-w: 51/w: 861; mobile phone insurance – u-w: 71/w: 1,105; life insurance – u-w: 75/w: 1,402; savings account – u-w: 1,726/w: 7,694; NS&I bond u-w: 115/w: 678; cash ISA: u-w: 902/w: 4,884; day-to-day account – u-w: 2,521/w: 10,805; mortgage – u-w: 1,255/w: 4,116).

Who are these long-standing customers who have held their products for ten years or more?

More long-standing customers are older, as Table 9.10 shows. For example, while six in ten (60%) day-to-day account holders have been with their provider for at least 10 years, the same is true for most (85%) of those 65 and over. Similarly, while one in six (16%) home insurance customers have been with their provider for at least 10 years, this rises to two in five [43%] of those 65 and over.

70 Where customers held more than one product of that type we asked them to think about the product they took out most recently.

71 Please note that there were differences in the questions we asked consumers about how long they had held each product. For residential mortgages we asked 'how long ago did you take out the mortgage you currently have on the property', for cash savings 'how long have you had your [savings product]', for general insurance and protection 'how long have you held your [product] with your current provider' and for day-to-day accounts 'how long have you had your account'.

72 Excluding Post Office card accounts used as the main day-to-day account.

Table 9.10 Proportions of customers who have held their product for 10 years or more with the same provider[73]

	All UK adults	All UK adults aged 65 and over	Show characteristics of potential vulnerability	Have a physical or mental health condition lasting or expected to last 12 months or more Yes (Y), No (N)	Knowledge about financial matters is high (H) or low (L)
Day-to-day account[74]	60%	85%	59% (Y) 61% (N)	67% (Y) 58%(N)	57% (L) 67% (H)
Savings account	27%	43%	31% (Y) 24% (N)	34% (Y) 25% (N)	28% (L) 24% (H)
Residential mortgage	31%	[72%]	37% (Y) 29% (N)	48% (Y) 29% (N)	34% (L) 30% (H)
Cash ISA	17%	23%	20% (Y) 14% (N)	18% (Y) 16% (N)	15% (L) 24% (H)
Home (contents & buildings) insurance	16%	[43%]	23% (Y) 10% (N)	37% (Y) 12% (N)	[23%] (L) [15%] (H)
Motor insurance	8%	15%	11%(Y) 5% (N)	[13%] (Y) 7% (N)	13% (L) [7%] (H)

RB99/GI3. *How long have you held your [PRODUCT] with your current provider?* RB20a. *For how long have you had your [ACCOUNT]?* M3+M3b. *How long ago did you take out the Residential mortgage you currently have on the property?*

Base: All UK adults who hold each product (motor insurance – u-w: 370/w: 5,277; home contents & buildings – u-w: 237/w: 4,608; savings account – u-w: 1,726/w: 7,694; cash ISA – u-w: 902/w: 4,884; day-to-day account – u-w: 2,521/w: 10,805; mortgage – u-w: 1,255/w: 4,116).

Those who demonstrate characteristics of potential vulnerability are more likely to be long-standing customers. A fifth (23%) of those who show characteristics of potential vulnerability have held their home insurance for 10 years or more, compared with half as many (10%) who do not demonstrate these characteristics. A third (31%) of those holding their savings account for 10 years or more show characteristics of potential vulnerability, compared with a quarter (24%) who do not demonstrate these characteristics.

Those who have a physical or mental health condition are also more likely to be long-standing customers. For example, three in eight (37%) who have a physical or mental health condition have held their home insurance for 10 years or more, compared with one in eight (12%) who do not.

73 Please note that there were differences in the questions we asked consumers about how long they had held each product. For example, for residential mortgages we asked 'how long ago did you take out the mortgage you currently have on the property', for cash savings 'how long have you had your [savings product]', for general insurance and protection 'how long have you held your [policy] with your current provider' and for day-to-day accounts ' how long have you had your account.'

74 Excluding Post Office card accounts used as the main day-to-day account.

There are also differences between those who consider themselves to be knowledgeable when dealing with financial matters and those who do not. For customers of home insurance, motor insurance and savings accounts, those with higher levels of knowledge are less likely to be long-standing customers. For example, around a quarter [23%] of home insurance customers who rate their financial knowledge as low have held their insurance with the same provider for at least 10 years, compared with one in seven [15%] of those who rate their knowledge as high.

The opposite is true for cash ISAs and day-to-day accounts where those with higher levels of knowledge are more likely to hold accounts for a longer period. One quarter (24%) of those with high financial knowledge, for example, have held their cash ISA for 10 years or more, compared with one in seven (15%) with low levels of knowledge. This may well be a reflection of age and wealth.

Barriers to switching

Table 9.11 shows reasons for not switching providers of different products.

The top three reasons for not switching are similar, the main reason being satisfaction with the existing service. For example, six in ten (60%) of those who have never switched their day-to-day account say they are happy with their existing provider. For cash savings, the perception that there is not much difference between providers is another key reason for not switching, with around one in five (22%) of those who have not switched savings account in the last three years saying this. For residential mortgages, the main reason why customers have not switched lender or rate in the last three years is that they are currently on a fixed rate (41%).

Results suggest that barriers to switching such as lack of knowledge or information about how to switch are not preventing customers from changing providers. Customers rarely say they do not know how to switch or that it is too difficult to compare providers. Most of those who have switched have found the process easy.

Some customers say that they have not switched because it is too much hassle. For example, one in five (20%) of those who considered switching their motor insurance decided not to because it was too much hassle, with the same being true for one in five (19%) of those who have never switched a day-to-day account.

For some products, large proportions of customers have simply not thought about switching. This applies to one in five (21%) of those who have never switched their day-to-day account, and the same is true for the 19% of those who have not switched their savings account in the last three years. Around a quarter (24%) of motor insurance customers and one third (32%) of those holding home insurance for over three years have also not considered switching provider. This lack of engagement suggests that consumer education may be required.

Table 9.11 Top three and bottom three reasons given for not switching products[75]

	Day-to-day account	Home insurance (contents & buildings)	Motor insurance	Cash ISA	Savings account	Residential mortgage
Top 3 reasons for not switching	Happy with existing provider (60%)	Happy with existing provider (44%)	Happy with existing provider (55%)	Happy with existing provider (22%)	Happy with existing provider (35%)	I am on a fixed rate (41%)
	Never considered switching (21%)	Don't have time to look elsewhere (18%)	Discount with current provider (23%)	No real difference between providers (21%)	No real difference between providers (22%)	Happy with my current mortgage (34%)
	Too much hassle (19%)	No real difference between providers (16%)	To much hassle (20%)	Balances not high enough (20%)	Never considered switching (19%)	On a competitive rate (19%)
Bottom 3 reasons for not switching	I don't know how to switch (4%)	Didn't want to look elsewhere in case I was contacted by unknown companies (4%)	Tried to switch but couldn't cancel with existing provider (3%)	Worry something might go wrong (3%)	Worry something might go wrong (2%)	I didn't know I could change (3%)
	Didn't want to look elsewhere in case I was contacted by unknown companies (3%)	Worry something will go wrong (4%)	Too difficult to compare providers (2%)	Didn't want to look elsewhere in case I was contacted by unknown companies (3%)	Don't know how to switch (1%)	Existing lender wouldn't allow me to move to new deal (3%)
	Too difficult to compare providers (3%)	Too difficult to compare providers (3%)	Didn't want to look elsewhere in case I was contacted by unknown companies (2%)	Tried to change provider but too difficult (1%)	Tried to switch but couldn't cancel with existing provider (1%)	Considered other lenders but decided to stay with my current lender (1%)

GI41b. *Why did you decide not to switch provider for your [selected product] on this occasion? Please select all the reasons that were important in your decision.* Base: All UK adults who have renewed their motor/home insurance with their existing provider or held their product for at least 3 years with their provider and have considered switching (motor – u-w: 143/w: 2492; home insurance – u-w: 111/w: 2,119).

RB53b. *Why have you never switched provider for your [ACCOUNT]?* Base: All UK adults who have day-to-day account (excluding Post Office card account) and held for more than 3 years and have never switched (u-w: 1,404/w: 6,339).

M109b. *You mentioned earlier that you haven't changed your mortgage lender or changed onto a new mortgage rate in the last 3 years. Which of the following are important reasons why you have not changed mortgage lender or changed to a new rate?* Base: All UK adults who hold a residential mortgage and have not changed their mortgage lender or changed onto a new mortgage rate in the last 3 years (u-w: 197/w: 599).

RB124a. *Are there any particular reasons why you have not switched provider for your savings account/cash ISA provider in the last 3 years?* Base: All UK adults who held their (savings account/cash ISA) for more than three years (savings account – u-w: 1,020/w: 4,451; cash ISA – u-w: 517/w: 2,860).

75 Please note that there were differences in the questions we asked consumers about why they have not switched. For example, for day-to-day accounts we asked holders why they have never switched, for cash savings and residential mortgages we asked why they have not switched in the last three years, and for general insurance we asked only those who have considered switching why they have not done so in the last three years. Also, response codes differ in some instances, for example, 'having a competitive rate' is included as an answer option for mortgages but not for other products.

Shopping around

Levels of shopping around also vary by product. That said, findings are not directly comparable, because the Financial Lives Survey 2017 asked about shopping around within different time periods for different products.[76] The highest level of shopping around is for motor insurance. Table 9.12 shows that nine in ten (89%) customers who have taken out a new motor policy in the last three years compared policies from two or more different providers before taking out their policy. The lowest level of shopping around is for motor finance, with only two fifths (41%) of those with a motor finance agreement comparing products from different providers before taking out their policy.

Table 9.12 Proportions of customers shopping around for products in the last three years, two years or 12 months

	If shopped around when taking out product in the last …	Yes	No	Don't know	% with characteristics of potential vulnerability who shopped around	% without characteristics of potential vulnerability who shopped around
Motor insurance	3 years	89%	8%	3%	92%	86%
Home insurance (contents & buildings)	3 years	75%	21%	4%	71%	79%
Cash ISA	3 years	71%	27%	2%	68%	72%
Residential mortgage	3 years	72%	22%	6%	68%	74%
Day-to-day account	3 years	56%	39%	5%	48%	64%
Credit card (revolvers)	3 years	67%	31%	2%	56%	78%
Personal loan	12 months	65%	34%	1%	56%	74%
Savings account	3 years	60%	37%	3%	55%	64%
Annuity	2 years	[51%]	[35%]	[14%]	*	*
Income drawdown	2 years	[46%]	[49%]	[6%]	*	*
Motor finance	12 months	41%	53%	6%	*	38%

GI31. *Before you took out your [motor insurance/home insurance], did you compare policies from two or more different providers by looking at the policies, prices or the terms and conditions offered?* Base: All UK adults who arranged, renewed or switched their policy in the last three years (motor insurance – u-w: 264/w: 3,733; home insurance 123/2,783).

RB120. *Before you opened your [savings account/cash ISA], did you compare [savings accounts/cash ISAs] from two or more different providers by looking at the products, prices or the terms and conditions offered?* Base: All UK adults who opened their account in the last three years (savings account – 607/2,812; cash ISA u-w: 338/w: 1,753).

M79a. *Before you took out or arranged your [second charge/lifetime] mortgage, did you compare mortgages from two or more different lenders by looking at the products, prices or the terms and conditions offered?* Base: All UK adults who arranged their mortgage in the last three years (u-w: 622/w: 2,023).

RB47b. *Before you opened your [ACCOUNT], did you compare [ACCOUNTS] from two or more different providers by looking at products, prices and terms and conditions offered?* Base: All UK adults who have a day-to-day account (except a Post Office card account) and account held for less than three years, and have switched account or opened new account with same provider (u-w: 226/w: 466).

CC20. *Before you took out your [credit card/personal loan/motor finance], did you compare products from two or more different providers by looking at the product features or prices?* Base: All UK adults who hold a consumer credit product now or in the last 12 months (credit card – u-w: 364/w: 1,137; personal loan – u-w: 219/w: 820; motor finance – u-w: 145/w: 515).

PD47_1. *Thinking about the annuity you took out most recently. Before you decided to take out your annuity, did you compare two or more providers by looking at the product, prices or the terms and conditions offered?* Base: All UK adults who have decumulated a DC pension scheme in the last two years by taking an annuity (u-w: 90/w: 137).

PD47_2. *Before you decided to enter into income drawdown with your provider, did you compare two or more providers by looking at the products, prices or the terms and conditions offered?* Base: All UK adults who have decumulated a DC pension scheme in the last two years by taking income drawdown (u-w: 63/w: 95).

76 Whilst findings are broadly comparable across products, there are some differences in the questions asked. For day-to-day accounts, savings accounts, general insurance products and mortgages we look at shopping around when customers took out their product in the last three years. For consumer credit (apart from credit card revolvers) we ask about shopping around for a product in the last 12 months, and for annuities and income drawdown we ask if they shopped around when they took out their annuity or entered into income drawdown in the last two years.

Generally, those less likely to shop around are also more likely to demonstrate characteristics of potential vulnerability. For example, only half (56%) of credit card revolvers who demonstrate characteristics of potential vulnerability have shopped around for a credit card in the last three years, compared with around four in five (78%) who do not show these potential vulnerability characteristics.

Reasons for not shopping around

The reasons customers give for not shopping around are summarised in Table 9.13.

The most common reason for not comparing providers before taking out a product is that the offer from the chosen provider was just what the consumer wanted. Loyalty and having dealt with the provider before also feature, particularly as reasons for not shopping around for savings accounts, cash ISAs and personal loans. For residential mortgages the most cited reason is that the provider offers a good choice of products.

Some consumers say they did not think about shopping around. This is the case for credit card holders (who revolve the balance), those with motor finance and those holding current accounts. For savings accounts and cash ISAs there is a perception that there is no real difference between providers and therefore it is not worth shopping around.

Few people say that the reason for not shopping around is that it is difficult to compare providers, or they did not know what to look for to make a comparison.

Table 9.13 Top reasons and bottom reasons for not shopping around

	Residential mortgage	Credit card (revolvers)	Motor finance	Personal loan
Top reasons for not shopping around	Provider had a good choice of products (24%) Provider was recommended to me (22%) Dealt with the provider before (20%) Offer was just what I wanted (19%)	Offer was just what I wanted (26%) I didn't think I could get loan/credit elsewhere (23%) Don't know (14%) I didn't think about it (12%) Provider was recommended to me (12%)	Offer was just what I wanted [44%] Dealt with the provider before [11%] I didn't think about it [11%] Provider was recommended to me [10%]	Offer was just what I wanted [35%] I felt loyalty to my provider [33%] I have dealt with the provider before [33%] Provider offered a good choice of products [15%]
Bottom reasons for not shopping around	Don't know (5%) Didn't know what to look for (5%) Didn't think about it (5%) Concerned it may damage credit rating (3%) No real difference between providers (2%)	Difficult to compare (6%) No real difference between providers (6%) Dealt with provider before (6%) Concerned it may damage my credit rating (5%) Provider had a choice of products (2%)	Concerned it may damage credit rating [4%] Too difficult to compare [4%] No real difference between providers [3%] Didn't know what to look for [3%] I felt loyalty to my provider [3%]	Concerned it may damage credit rating [5%] Linked to a product I wanted [5%] Provider was recommended to me [4%] Too difficult to compare [2%] No real difference between providers [1%]

	Day-to-day account	Savings account	Cash ISA
Top reasons for not shopping around	Didn't think about it (23%) Takes too much time (20%) Provider was recommended to me (18%) I wouldn't know what to look for (17%)	I have dealt with the provider before (28%) No real difference between providers (21%) Offer was what I wanted (21%) Takes too much time (21%) I felt loyalty to my provider (20%)	No real difference between providers [29%] I have dealt with the provider before [25%] I felt loyalty to my provider [15%] The offer was just what I wanted [14%] Takes too much time [13%]
Bottom reasons for not shopping around	Provider offered a good choice of products (12%) Don't know (12%) Didn't think they could get it elsewhere (7%) Too difficult to compare (6%)	Didn't know what to look for (7%) Provider offered a good choice of products (7%) Too difficult to compare (6%) Concerned it may damage my credit rating (2%) Didn't think they could get it elsewhere (1%)	Provider offered a good choice of products [10%] Wouldn't know what to look for [10%] Recommended to me [10%] Concerned it may damage my credit rating [3%] Too difficult to compare [2%]

CC20a/M79b/RB48/RB121. *Why did you not compare products from different lenders?* Base: All UK adults who have held their product for less than three years and did not compare products from two or more different providers (mortgage – u-w: 144/w: 446; credit card – u-w: 113/w: 350; motor finance – u-w: 87/w: 273; personal loan – u-w: 80/w: 282; day-to-day account – u-w: 107/w: 322; savings account – u-w: 234/w: 1,043; cash ISA – u-w: 88/w: 472). Note: General insurance products are excluded from this table as sample sizes are too small due to low percentages of customers not shopping around for these products.

Similarly, among consumers who did shop around, the proportions of those finding it difficult were low. For current accounts and cash ISAs, only one in fifty (2%) found shopping around difficult, while less than 0.5% of people found it difficult to shop around for a savings account. For home and motor insurance, 6% found the process difficult, which is surprising given the popularity of price comparison websites in these sectors.

Consumer experience

The Financial Lives Survey 2017 considers a variety of experiences consumers have in relation to financial services. In this section, we highlight some examples of these experiences, with a particular focus on how consumers feel they are treated by firms.

We start by exploring current account and card security, looking at how consumers protect themselves from fraud and their experience when things go wrong. Continuing with the theme of security we also consider the experience of receiving unsolicited offers, which could potentially be scams, and the numbers of people responding to these approaches.

We then go on to outline the problems consumers may have had with the financial services products they hold, what these problems are, the impact of them, and if they complained. We also explore how consumers are treated by credit providers when they are in arrears and the experiences of mis-selling related to advice consumers tell us they have had.

Finally, given these experiences, we look at how satisfied consumers are with their providers and how much trust they have in them.

Current account and card security

- Nearly 16 million UK adults admit to never or rarely: checking that an internet site is secure before shopping online; not covering their PIN at an ATM, and/or not checking or shredding statements
- Over 5 million UK adults, in the last 12 months, have given their debit or credit card to someone else to use or have shared their current account or credit card PIN
- 200,000 have lost money after agreeing to transfer money through their account and/or confirmed their PIN to a stranger

Although most UK adults are careful with their cards and account details, some still share their details. In the last 12 months, 7% of UK adults have given their debit or credit card to someone else to use. Six per cent have shared their current account or credit card PIN with another person. Of most concern is that 1% provided their current account details by email or telephone, following an unsolicited approach. In total, 10% have done one or more of these things in the last 12 months.

Half (51%) of UK adults say they always check if an internet site is secure when giving their bank or credit card details. Six in ten (61%) always cover their PIN when withdrawing money from a cashpoint or using their debit or credit cards to pay for goods. Similar proportions (63%) always shred statements and documents that contain information relating to their financial affairs or dispose of them securely in other ways, or always check thoroughly (62%) bank and card statements for any unfamiliar transactions. Significant minorities, however, say they rarely or never do any of these things: 15%, 12%, 14% and 12%, respectively, of the UK adult population. In total, 31% of UK adults have never or only rarely done one or more of these things in the last 12 months.

In the last 12 months, 3% of day-to-day account holders have experienced having their account or debit card being used without their permission to take cash from their account; 2% have had money taken from their account in another way that involved their personal details being used without their permission.

Fewer than one in ten (7%) have been contacted in the last 12 months either about a request to transfer money through their account, a request to confirm their account details, password or PIN, or both. As a result, a small proportion, equating to 0.4% of all UK adults, have lost money.

Among those who lost money and could recall how much, the mean sum lost was [£570]; the median amount lost was [£190]. This means that a small number of people lost a lot. Most tried to recover the lost money, and most of these recovered it in full, while some recovered it in part. Overall, 0.4% of UK adults lost money *and* tried to recover it without success.

Key results are summarised in Table 9.14.

Around four in five of those who lost money feel they were treated well by their provider. We cannot provide an exact statistic for this result due to low sample size.

Table 9.14 Examples of potential harm associated with personal security

	% of UK adults	Total number of UK adults
Rarely or never do any of: check an internet site is secure when giving bank or credit card details; cover PIN when withdrawing money from a cashpoint or using debit or credit cards to pay for goods; dispose securely of statements and documents that contain information relating to financial affairs (e.g. by shredding them), and check thoroughly bank and card statements for any unfamiliar transactions.	31%	15.9m
Have given their debit or credit card to someone else to use, shared current account or credit card PIN with another person, and/or provided current account details by email or over the telephone following an unsolicited approach	10%	5.3m
Lost and could not recover money after being contacted by an individual or company about a request to transfer money through their account and/or a request to confirm their account details, password or PIN	0.4%	0.2m

Base: All UK adults (12,865).

For base information please see page 189.

Unsolicited approaches

- In the last 12 months nearly 12 million UK adults have received an unsolicited approach that may have been a scam
- While a low proportion responded to these contacts, around 100,000 people have lost money

The Financial Lives Survey 2017 explores instances of unsolicited approaches that people have experienced in the last 12 months. We do not know whether these unsolicited approaches were scams but they might be.

In sum, 23% of all UK adults have experienced one or more of the types of unsolicited approach explored in the Financial Lives Survey 2017 – which could potentially be a scam:

- nearly one in five (18%) received calls, emails or text messages claiming to be from the government, and offering retirement planning advice or a free pension review
- under one in ten (8%) received one or more of: a request to access a personal or company pension before the age of 55; the chance to unlock a pension early and get money, or the offer of a 'loan', 'saving advance' or 'cashback' to take advantage of a pension deal
- one in twenty-five (6%) were offered either the chance to make a high-return investment, to buy shares in a company, or both

However, far smaller proportions responded to these three offers. The proportions of the UK population responding to them were 0.9%, 0.2% and 0.2%, respectively; 1.2% responded to one or more of these offers. The number of adults affected is shown in Table 9.15.

What happens to those who respond to these approaches? As sample sizes are low (due to the low number of people responding to these approaches), we can report with caution that around one in seven [14%] of those who responded to any unsolicited approach paid out money, in most cases from savings but also from pension and investment assets.

Mostly the sums involved were small (under £1,000) but some paid out larger sums of money. In total, around [0.2%] of the UK adult population paid out money in the last 12 months as a result of an unsolicited approach.

Table 9.15 Examples of potential harm associated with unsolicited approaches

	% of UK adults	Total number of UK adults
Received any unsolicited approach in the last 12 months that might be a scam	23%	11.6m
Responded to any unsolicited approach in the last 12 months that might be a scam	1.2%	0.6m
Paid out money in response to an unsolicited approach in the last 12 months that might be a scam	[0.2%]	[0.1m]

Base: All UK adults (12,865). For base information please see page 190.

Problems and complaints

- Most consumers have not experienced problems with their products or with any related advice in the last 12 months
- Low proportions of customers experiencing problems may still equate to millions of unsatisfied customers
- 2.8 million UK adults with a day-to-day account (generally a current account) have experienced an IT system failure or service disruption in the last 12 months
- 1.1 million UK adults with general insurance or protection products have had problems with complex policy information in the last 12 months
- Most customers who complain to a provider are not satisfied with how their complaint is handled

Table 9.16 captures survey findings to do with problems and complaints.

The proportion of UK adults with products in a particular sector (leaving aside consumer credit) who have experienced a problem with their products in the last 12 months is around 2% to 4% (unprompted), rising to 9% to 18% (when prompted with a list of problems relevant to that sector).[77]

Consumers of credit products appear to show considerably higher levels of problems – 8% (unprompted) and 27% (prompted) – but the Financial Lives Survey 2017 only asked these questions of those who had taken out products recently. Arguably, this population is more likely to have experienced problems due to more recent engagement with providers.[78]

77 The survey asked consumers whether they had experienced problems in the last 12 months with any of their products in a given sector. In the case of retail investments, they were asked to mention any problems related to advice on investments or platforms they had used. Similarly, with respect to mortgages on the property in which consumers live currently, they were asked about problems with that mortgage or any advice received about it. In terms of pensions, the questions were about pensions or related advice (if accumulating), pensions due to be accessed or related advice (if planning to decumulate) or pensions recently accessed or advice related to products purchased such as an annuity (if recently decumulated).

78 This was due to a programming error. A sample representative of all UK adults with consumer credit should have been asked the question. Instead, it was only asked of those who had taken out one or more consumer credit products recently (in the last three years in the case of running-account credit; in the last 12 months otherwise).

Table 9.16 Problems and complaints by sector

	Unprompted recall of problems in last 12 months	Prompted recall of problems in the last 12 months	Number of UK adults affected by problems[1]	Prompted recall – top 3 problems	Source of the sole or most serious complaint – top 3 products	Impact of the problem – top 3 issues	Complained?			
							Yes	No, but wanted to	No, didn't want to	Don't know
Base	Base: UK adults with these products		*All UK adults, millions*	Base: UK adults with products in this sector who had a problem						
Retail banking[2]	4%	18%	8.7m	IT system failure/service disruption (6%) Unexpected fees or charges (4%) Unexpected change to interest rate (4%)	Current account	It was just a nuisance (42%) Suffered stress (18%) Significant time spent solving the problem (13%)	24%	17%	58%	2%
Retail investments	2%	15%	2.2m	Unexpected change to interest rate (4%) Complex fees or charges (3%) Investments didn't perform as led to believe (3%)	Stocks and shares ISA (40%) Shares/equities (27%) Investment funds/ endowments (21%)	It was just a nuisance (48%) Lost money (15%) Suffered stress (11%)	20%	15%	60%	5%
Consumer credit	8%	27%	3.1m	Poor customer service (8%) Unexpected fees or charges (5%) Payments taken when not expected (5%)	Credit card (42%) Catalogue credit (15%) Motor finance (11%)	It was just a nuisance (36%) Suffered stress (30%) My credit rating was affected (16%)	25%	22%	49%	3%
Mortgages	3%	11%	1.8m	Poor customer service (4%)	Residential first charge mortgage	It was just a nuisance (51%) Significant time spent solving the problem (26%) Suffered stress (25%)	22%	22%	55%	2%

	Unprompted recall of problems in last 12 months	Prompted recall of problems in the last 12 months	Number of UK adults affected by problems[1]	Prompted recall – top 3 problems	Source of the sole or most serious complaint – top 3 products	Impact of the problem – top 3 issues	Complained? Yes	No, but wanted to	No, didn't want to	Don't know
Base	Base: UK adults with these products		*All UK adults, millions*	Base: UK adults with products in this sector who had a problem						
General insurance & protection	4%	16%	6.7m	Poor customer service (5%) Policy costing more than expected (5%) Complex policy information (3%)	Motor insurance (48%) Home insurance – contents and buildings combined (17%)	It was just a nuisance (51%) Significant time spent solving the problem (30%) Suffered stress (16%)	43%	20%	32%	4%
Pension accumulation	3%	9%	1.7m	Poor customer service (3%)	DC pension	It was just a nuisance (37%) Significant time spent solving the problem (16%) Suffered stress (14%)	17%	25%	52%	5%
Pension decumulation (plan to in the next two years)	2%	18%	0.1m	Complex product information (3%) Pension investments didn't perform as led to believe (3%)	DC pension	It was just a nuisance (38%) Lost money (16%)	Similar pattern to Pension Accumulation, with around 1 in 2 not wanting to complain[3]			
Pension decumulation (in last two years)	2%	14%	0.3m	Pension investments didn't perform as led to believe (3%) Poor customer service (3%) Complex fees and charges (3%)	DC pension access	It was just a nuisance (35%) Suffered stress (15%)	[32%]	[13%]	[51%]	[4%]

RB40a/RI19a/CC55/M90a/GI68a/P46/PD52NEW/PD52N. *Would you say you have experienced a problem with your [day-to-day account/retail investment products/consumer credit products/insurance policies/ mortgage/DC pensions/pension decumulation] or with any advice received about this in the last 12 months?*

Base: All UK adults who hold a day-to-day account (u-w: 2,565/w: 10,928); general Insurance (u-w: 1,686/w: 8,706); mortgage (u-w: 1,317/w: 4,248); retail investments (u-w: 1,431/w: 3,586); consumer credit (u-w: 1,203/w: 3,017); pension in accumulation (u-w: 1,496/w: 4,752); pension they are planning to decumulate in the next 2 years) (u-w: 152/w: 209); pension they have decumulated in the last 2 years (u-w: 275/w: 441).

Notes: [1] Number of UK adults affected by problems is of those who gave unprompted and prompted responses. [2] Retail banking results are for those with a day-to-day account. Those with a savings account, including NS&I bonds, credit union savings accounts and cash ISAs were also asked a shortened set of questions about problems and complaints. Of them, 2% had a problem unprompted and 12% when prompted. The main problem mentioned was to do with an unexpected interest rate change. Again, top problems were a nuisance caused and loss of time in solving the problem. [3] Sample sizes are too small to report statistics.

While the proportions affected are not high, the absolute numbers of UK adults experiencing problems, by sector (excluding consumer credit) range from 1.7 million (saving into a pension) to 8.7 million (retail banking).

Of those experiencing problems, typically more show characteristics of potential vulnerability than not, although this is not the case for pensions and retail investments which fewer potentially vulnerable adults hold. For retail banking, 74% of those experiencing problems show characteristics of potential vulnerability and for consumer credit the figure is 85%.

The problems most commonly experienced across the sectors are poor customer service, or unexpected or complex fees or charges. With investments and pensions, poorer investment performance than expected is a top problem experienced. With current accounts, IT system failures are the most cited problem. Low on the list of problems[79] across the board is sales pressure, as are the unsuitability of channels for contacting providers and poor advice from financial advisers or brokers.

The products most associated with problems are the most commonly held ones, with one notable exception. More people have experienced a problem associated with catalogue credit than they have with more commonly held products such as store cards and personal loans.

Most customers describe the impact of the problems they experienced as a nuisance, or they say that the impact was spending time dealing with the problem. Some say they also suffered stress. Others experienced no negative impact, while significant minorities had other negative experiences. Of the 49 million customers with a current account or other day-to-day account, 0.9 million say they had problems paying bills, 0.6 million went into their overdraft and 0.9 million incurred bank charges. This may help to explain why only a fifth to a quarter, roughly, of those with problems complained.

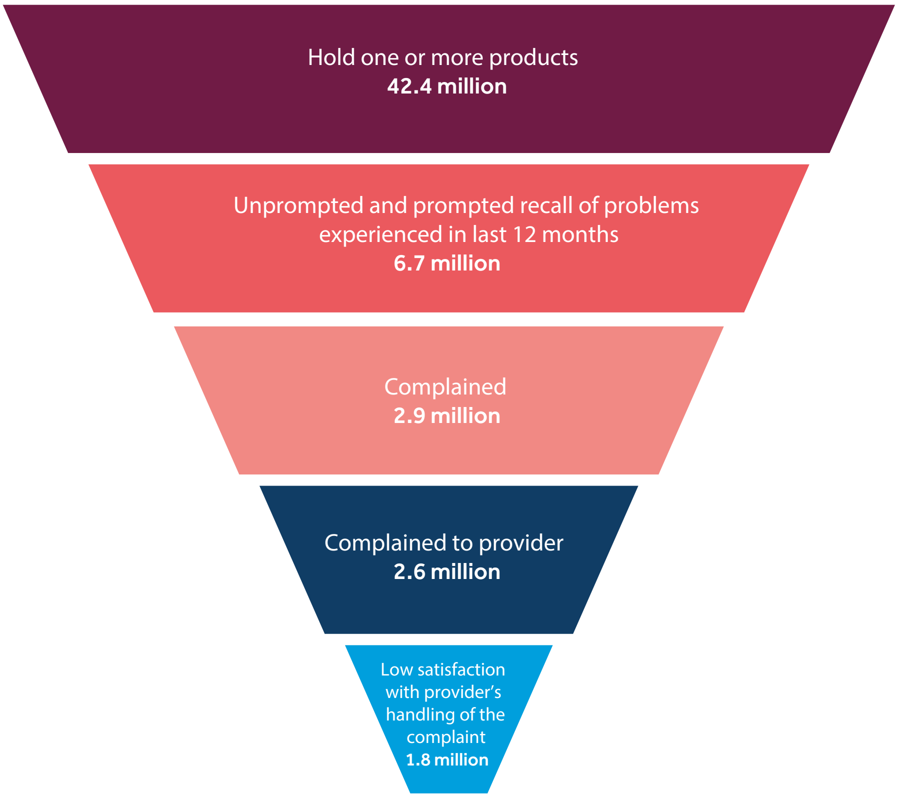
A larger proportion – four in ten (43%) – of those experiencing a problem with general insurance or protection complained, which may be explained by the more regular engagement with many of these products, such as annual renewals.

Most who complain do so to their product provider. Satisfaction levels with providers' handling of complaints are generally low, although our evidence for this is largely indicative due to low sample sizes. Of those complaining to their insurance provider, two thirds [67%] experienced low satisfaction and only one in six [17%] was highly satisfied.

Findings on problems and complaints for those holding one or more general insurance or protection product are translated into absolute numbers in Figure 9.13.

79 Mentioned by no more than 2% of UK adults with products in that sector.

Figure 9.13 Problems and complaints among users of general insurance and protection



GI68. *In the last 12 months have you experienced any of the following problems, with any of these policies/Which of these problems did you experience?* Base: All UK adults with a general insurance or protection product (u-w: 1,686/w: 8,707).

GI69c. *Did you complain about this problem?* Base: All UK adults experiencing a problem (u-w: 246/w: 1,368).

GI70. *Who did you complain to about this problem?* Base: All UK adults experiencing a problem who complained (u-w: 99/w: 594).

GI70b. *Overall how satisfied were you with how your complaint was handled by your provider?* Base: All UK adults experiencing a problem who complained to their provider (u-w: 88/w: 530) excluding don't know (2%).

People not complaining generally give the same top reasons, across the sectors, for not doing so: a belief that to do so would be futile, as nothing would happen as a result of complaining, and thinking it too trivial, or not worth it, to complain. Some say they did not know how to complain or that it was too difficult to do so; this is mostly to do with problems among those with consumer credit and DC pensions. Indicative evidence points to more of those who show characteristics of potential vulnerability not complaining for these reasons.

These results highlight different kinds of issues, including where consumers need access to better explanations of what to do, and where they need the processes of complaining to providers to be easier. They need reassurance that complaints, if they make them, will be taken seriously and addressed.

Looking at results by age, which is mostly only possible on an indicative basis, there are few differences other than that, both unprompted and on prompting, fewer customers aged 65 and over noted any problems. Younger age groups are more likely to say they have a problem, with highest rates, although not by a great deal, noted for the 25-34 year olds in respect of retail banking, retail investments and consumer credit. The highest rates for the 45-54 year olds are in respect of general insurance and protection.

A few differences in the problems experienced are worthy of note. Looking at retail banking, more younger consumers up to 35-44 have experienced an IT failure or service disruption, probably mirroring their greater use of services online. More of those 65 and over, who have more savings than other age groups, have experienced an unexpected change in interest rate.

Older adults are noticeably more likely to complain about general insurance and protection, with [58%] of those 65 and over with a problem having complained, compared with the average of 43% for all with products in this sector.

Treatment by credit providers

- The Financial Lives Survey 2017 provides evidence of the fair treatment of customers by providers. There are also pockets of consumers who claim to have been treated less well
- 100,000 of those in credit arrears in the last 12 months have found their provider to be unsympathetic, not willing to allow them more time to pay, *and* not to have encouraged them to use free debt advice

Focusing specifically on consumers' experiences when they are in credit arrears, we find that three quarters of consumer credit customers who missed credit and store card bills and other credit commitments in the last six months had been in contact with the provider. Half (50%) of those in contact with their provider report that their providers were sympathetic to their difficulties. Similarly, half (51%) say they encouraged them to seek free debt advice. Three fifths (62%) say they allowed them time to pay.

Significant minorities of those in arrears who had been in contact with their provider disagreed: nearly three in ten (28%), a fifth (20%) and a third (33%), equating, respectively, to 0.7%, 0.5% and 0.8% of all UK adults. Those lacking any of this support equate to 0.2% of all UK adults. Table 9.17 shows the number of adults affected.

Table 9.17 Examples of potential harm associated with poor treatment by credit providers

	% of UK adults	Total number of UK adults
Have credit/behind on payments in the last six months/had contact with the provider, who did not encourage seeking free debt advice	0.8%	0.4m
Have credit/behind on payments in the last six months/had contact with the provider, who was unsympathetic	0.7%	0.4m
Have credit/behind on payments in the last six months/had contact with the provider, who did not allow time to pay	0.5%	0.3m
Have credit/behind on payments in the last six months/had contact with the provider, who was unsympathetic, did not allow time to pay *and* did not encourage seeking free debt advice	0.2%	0.1m

Base: All UK adults (12,865). For base information please see page 190.

Experience of mis-selling after receiving advice

- At least 1.3 million UK adults claim to have experienced mis-selling from an adviser at some point

Thirteen per cent of UK adults who have received regulated advice in the last 12 months consider they have, recently or in the past, been mis-sold an investment or pension product.[80] Similarly, 13% believe they have received bad advice unrelated to mis-selling, again recently or in the past. This equates, in each case, to 1% of all UK adults, as shown in Table 9.18.

Similar statistics are available for other UK adults who have had regulated financial advice in the past, but not in the last 12 months and who might need advice.[81] Of these, 16% believe they have been mis-sold an investment or pension product, and 21% believe they have received bad advice unrelated to mis-selling. This equates, in each case, to 2% of all UK adults.

The Financial Lives Survey 2017 did not investigate past perceptions of mis-selling or bad advice with other adults who may have had regulated advice in the past. Consequently, our findings will underestimate the proportion of all UK adults who perceive they have been mis-sold a product or received bad advice from an adviser.

In the last three years, 9% of UK adults say they have made a claim for compensation for mis-sold financial products and services, including PPI.

80 See **Glossary of terms** for 'regulated financial advice.'
81 See **Glossary of terms** for 'might need regulated financial advice.'

Table 9.18 Examples of potential harm associated with mis-selling following advice

	% of UK adults	Total number of UK adults
Made a claim for compensation for the mis-selling of financial products and services, including PPI	9%	4.8m
Not received regulated advice in the last 12 months but might need it, but have received advice in the past considered to be 'bad'	2%	1.1m
Not received regulated advice in the last 12 months but might need it, but have been mis-sold in the past	2%	0.9m
Received regulated advice in the last 12 months and have received advice considered 'bad' recently or in the past	1%	0.4m
Received regulated advice in the last 12 months and have been mis-sold recently or in the past	1%	0.4m

Base: All UK adults (12,865).

Satisfaction and trust

- The top three product sectors for satisfaction are the same three top product sectors for trust
- Personal loan providers are rated top on satisfaction and trust, with 54% of UK adults with a personal loan giving a high satisfaction score, equating to 1.8 million people
- For several product providers, rankings for satisfaction and trust are quite similar, but others score in the top half for satisfaction and the bottom half for trust, or *vice versa*
- Consumers who have experienced problems with a product in the last 12 months are more likely to rate their satisfaction and trust with the provider as low, although many others also feel this way
- Those who demonstrate characteristics of potential vulnerability or are younger tend to give lower scores for satisfaction and trust

Given the experiences they have had, how satisfied and how trusting are consumers of the providers of the products they hold? The Financial Lives Survey 2017 gives us ratings of satisfaction and trust for providers of 22 products. This section offers some insights into the results, while also drawing attention to the differences in users of different products. We also highlight the possibility that personal circumstances, biases or external circumstances can affect scoring and therefore rankings.

Personal loan providers are rated top on satisfaction and on trust by those holding them (and who felt they could provide a rating). Over half (54%) of UK adults with a personal loan give their provider a high score on satisfaction, and over half (55%) score their provider as highly trusted.

Overall, satisfaction and trust in financial services product providers vary considerably. Figure 9.14 shows the rank order of providers. Some supporting statistics include:

- personal loan providers gain low satisfaction scores from only one in ten (11%) customers, whereas over half (54%) of cash ISA customers give their provider a low score
- personal loan providers gain low trust scores from only one in ten (11%) customers, whereas one third (36%) of DC pension customers give their provider a low score
- firms with low satisfaction scores from a third or more customers provide cash ISAs (54%), saving accounts (45%), NS&I bonds (36%) and DC pensions (34%)
- firms with low trust scores from a third or more customers provide DC pensions (34%), catalogue credit (among revolvers) (34%) and cash ISAs (33%)

One quarter of DC pension customers feel that they could not say how satisfied they are (24%) or how much they trust (23%) their provider. This is much higher than for customers of other products.

Figure 9.14 Rank order of product providers by satisfaction and trust scores

	Satisfaction	Provider of...	Provider of...	Trust	
=	1	Personal loan	Personal loan	1	=
=	2	Pet insurance*	Pet insurance*	2	=
=	3	Home contents insurance	Home contents insurance	3	=
↑	4	Income drawdown*	Day-to-day account	4	↑
↑	5	Annuity*	Income drawdown*	5	↓
↑	6	First charge residential mortgage (on property currently living in)	Motor breakdown insurance	6	↑
↑	7	Motor finance	Annuity*	7	↓
↓	8	Day-to-day account	NS&I bond	8	↑
↑	9	Motor insurance	Motor finance	9	↓
↑	10	Multi-trip travel insurance*	Mobile phone insurance*	10	↑
↓	11	Motor breakdown insurance	Home emergency insurance*	11	↑
↑	12	Credit card (excluding transactors)	First charge residential mortgage (on property currently living in)	12	↓
↑	13	Single-trip travel insurance	Home contents & building insurance	13	↑
↓	14	Home contents & building insurance	Multi-trip travel insurance*	14	↓
↑	15	Catalogue credit (excluding transactors)	Motor insurance	15	↓
↓	16	Mobile phone insurance*	Credit card (excluding transactors)	16	↓
↓	17	Home emergency insurance*	Life insurance*	17	↑
↓	18	Life insurance*	Savings account (bank, building society of NS&I)	18	↑
↓	19	NS&I bond	Cash ISA	19	↑
↓	20	Savings account (bank, building society of NS&I)	Single-trip travel insurance	20	↓
↑	21	DC pension	Catalogue credit (excluding transactors)	21	↓
↓	22	Cash ISA	DC pension	22	↓

↑ Satisfaction is higher than trust ↓ Satisfaction is lower than trust ↑ Trust is higher than satisfaction ↓ Trust is lower than satisfaction

*indicates a low sample size of 50-99 unweighted observations for satisfaction and/or trust scores

CC31/RB23/M83/P43/PD49/CM71/RB111. *Overall how satisfied are you with your [selected product] provider? Please answer on a scale of 0 to 10, where 0 is 'not at all satisfied' and 10 is 'completely satisfied'.*

RB22/M85/GI57/CC34/P45/PD48/RB110. *How much trust do you have in the provider of your [selected product]? Please answer on a scale of 0 to 10, where 0 is 'do not trust at all' and 10 is 'very much'.*

Base: All UK adults who hold each product (varies by product).

Appendix 1
Product ownership

This appendix is in two parts.

Part I shows the proportions, and absolute numbers, of UK adults who have, either in their own or joint names, each of around 70 different financial products. How these proportions differ by different factors is also shown: by gender, by age, by working status, by being in a couple or not, by being married or in a civil partnership or not, by property status, by internet user versus non-user, by household income, by personal tax bracket, by over-indebtedness, and by whether characteristics of potential vulnerability exist or not.

We label these results as column percentages. Reading down the column for 18-24s, for example, reveals that 23% in this age group have a cash ISA, and 2% have a payday loan now or have done so in the last 12 months.

Part II results are labelled as row percentages. Reading across the row for cash ISAs shows that of all UK adults with a cash ISA 7% are 18-24. Similarly, reading across the row for payday loans reveals that of all UK adults who have a payday loan now or have done so in the last 12 months 18% are 18-24.

The following additional notes should guide the reader to make the best use of this appendix and to interpret the findings accurately:

- All terms in this appendix that may not be familiar to the reader are included in the **Glossary of terms**

- The results, for both Parts I and II, are structured by product group. For example, all general insurance products are together in one section. The list starts by reporting results for any general insurance, i.e. all who have one or more of the general insurance products listed: 82% of all UK adults have one or more general insurance products. Each individual general insurance product is then listed, in descending order of incidence. Hence motor insurance tops the list as it is held by 61% of UK adults. ID theft insurance is at the end of the list because it is held by only 1% of UK adults

- All results are based on respondents confirming that they have a product. We have not reported the small proportions who said they did not know whether they had particular products. Consequently, our figures for the proportions of UK adults who have products are likely to be very slight underestimations. It is better, therefore, to think about the results for motor insurance, for example, not exactly as 61% of UK adults have motor insurance, but 61% of UK adults confirmed they have motor insurance

- There is a small apparent discrepancy between those saying they are buying their home with the help of a mortgage and those who say they have a mortgage on the property in which they are living currently
  - The first question (D13) asks *Which of the following best describes how you occupy the property you currently live in?* Answer options include *Buying it with the help of a mortgage or loan and Pay part rent and part mortgage (shared ownership)*. A third (33%) of UK adults are buying their property in one of these two ways. We do not ascertain the proportion buying with a loan rather than with a mortgage. Only 1% of UK adults have a shared ownership arrangement, although this includes 4% of 18-24s
  - The second question (P_M1) asks *Which, if any, of the following mortgages do you hold on the property you currently live in, in your own name or in joint names?* Some few respondents (less than 0.25%) have a lifetime mortgage, but 31% have a residential first charge mortgage
  - There could be a number of reasons for the difference between the 33% at D13 and 31% at P_M1. For example, some people with a shared ownership arrangement may have answered that they do not have a mortgage at P_M1. Some younger people living in their parental home may have answered 'mortgage' at D13 even though this is not in their name. And of course, some few adults may be purchasing their home with a loan that is not a mortgage
  - This discussion helps to explain an otherwise apparent oddity in Appendix 1, where, for example, only 89% of those buying their property with a mortgage, loan or shared ownership arrangement have a residential mortgage on it

Part I: Products (column percentages)	UK adults (millions)	Total	Gender		Age									Working status						In a couple		Married / Civil Partner		Property status				Internet user		Household income				Tax bracket			Over-indebted		Show characteristics of potential vulnerability	
			Male	Female	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+	65 to 74	75+	85+	Employed	Self-employed	Unemployed	Student	Retired	Other	Yes	No	Yes	No	Own outright	Mortgage or loan, or shared ownership	Renting	Rent free / other	Yes	No	<£15k	£15k - <£30k	£30k - <£50k	£50K+	None	Basic	Higher / additional	Yes	No	Yes	No
Retailing banking and savings																																								
Any day-to-day account	49.7	97%	98%	97%	94%	97%	97%	98%	99%	98%	98%	97%	97%	99%	99%	88%	91%	98%	95%	98%	96%	98%	97%	99%	99%	96%	93%	98%	96%	96%	99%	99%	100%	97%	99%	100%	95%	98%	97%	98%
Any savings account	36.5	72%	72%	72%	55%	68%	70%	75%	78%	76%	80%	72%	70%	75%	76%	40%	52%	77%	59%	77%	63%	78%	66%	86%	80%	54%	58%	74%	52%	52%	71%	80%	86%	61%	78%	88%	51%	76%	65%	78%
Current account	49.1	96%	97%	96%	92%	96%	97%	97%	97%	96%	97%	95%	93%	98%	98%	85%	90%	97%	92%	97%	94%	98%	95%	98%	99%	94%	91%	97%	92%	93%	98%	99%	99%	94%	99%	100%	93%	97%	95%	97%
Savings account (bank, build. soc., NS&I)	30.4	59%	60%	59%	44%	58%	59%	65%	66%	60%	65%	54%	54%	63%	63%	31%	44%	62%	47%	65%	51%	66%	53%	72%	68%	43%	46%	62%	38%	40%	57%	66%	76%	47%	65%	78%	40%	63%	53%	66%
Cash ISA	19.0	37%	36%	38%	23%	34%	34%	36%	46%	45%	49%	39%	36%	38%	38%	17%	19%	46%	25%	41%	31%	43%	32%	54%	40%	21%	28%	39%	25%	23%	35%	42%	48%	29%	42%	50%	17%	41%	32%	43%
Premium bonds	10.6	21%	21%	20%	6%	8%	12%	23%	32%	36%	38%	33%	28%	17%	26%	6%	8%	36%	17%	24%	16%	26%	16%	40%	19%	7%	12%	22%	15%	12%	22%	22%	26%	17%	23%	30%	7%	23%	18%	23%
NS&I bond	3.3	7%	7%	6%	3%	3%	5%	4%	5%	15%	17%	13%	11%	4%	7%	2%	3%	14%	5%	7%	5%	8%	5%	14%	4%	2%	3%	7%	6%	4%	7%	7%	8%	5%	7%	9%	2%	7%	6%	7%
Post Office card account	1.3	3%	2%	3%	1%	2%	2%	2%	2%	5%	3%	8%	9%	1%	1%	3%	3%	5%	7%	2%	4%	2%	3%	3%	1%	4%	2%	2%	9%	6%	2%	1%	0%	6%	1%	1%	4%	2%	4%	1%
Credit union savings account	1.2	2%	2%	2%	1%	2%	3%	4%	3%	1%	1%	1%	1%	3%	1%	4%	1%	1%	3%	2%	2%	2%	2%	2%	3%	3%	2%	2%	1%	3%	3%	3%	2%	2%	3%	2%	4%	2%	3%	2%
E-money alternative account	0.7	1%	2%	1%	2%	2%	1%	2%	1%	1%	1%	0%	0	1%	2%	0%	3%	1%	1%	1%	1%	1%	1%	1%	2%	1%	1%	1%	0%	1%	1%	1%	2%	1%	1%	2%	2%	1%	1%	1%
Unbanked	1.3	3%	2%	3%	5%	3%	2%	2%	2%	3%	2%	4%	5%	1%	1%	13%	7%	3%	6%	2%	4%	2%	3%	1%	1%	4%	7%	2%	6%	6%	2%	1%	1%	5%	1%	0%	5%	2%	4%	1%
Unbanked plus (no day-to-day account)	0.8	2%	1%	2%	4%	2%	1%	1%	1%	1%	1%	2%	2%	1%	1%	10%	6%	1%	3%	1%	2%	1%	2%	0%	1%	2%	6%	1%	3%	4%	1%	0%	0%	3%	0%	0%	3%	1%	2%	1%
Investments																																								
Any investment product	14.6	29%	33%	25%	6%	15%	24%	35%	40%	42%	44%	38%	33%	26%	35%	12%	9%	42%	20%	34%	20%	38%	20%	49%	32%	10%	14%	30%	16%	14%	24%	31%	44%	18%	30%	56%	11%	32%	24%	33%
Stocks and shares ISA (or PEP)	8.8	17%	20%	14%	3%	7%	13%	22%	24%	27%	30%	24%	19%	14%	24%	7%	5%	28%	12%	21%	12%	23%	12%	32%	17%	5%	9%	18%	9%	7%	15%	18%	28%	10%	18%	38%	6%	19%	15%	20%
Shares/ equities	8.3	16%	20%	13%	3%	8%	13%	22%	24%	22%	25%	19%	16%	15%	21%	6%	3%	22%	12%	20%	10%	22%	11%	28%	19%	4%	7%	18%	5%	6%	12%	19%	28%	9%	17%	37%	5%	18%	13%	20%
Investment fund or endowment	4.9	10%	12%	7%	1%	3%	7%	12%	15%	15%	16%	13%	10%	8%	14%	4%	2%	15%	7%	12%	6%	13%	6%	18%	9%	3%	4%	10%	4%	3%	8%	10%	18%	5%	10%	23%	2%	11%	8%	11%
Insurance bond	2.5	5%	5%	5%	1%	2%	3%	5%	6%	9%	9%	10%	10%	4%	6%	1%	2%	9%	3%	6%	3%	6%	3%	9%	5%	2%	3%	5%	4%	3%	5%	5%	6%	4%	5%	8%	3%	5%	5%	5%
Corporate bond or gilt/ govt. bond	1.2	2%	3%	2%	1%	1%	1%	2%	3%	5%	6%	4%	3%	1%	3%	1%	1%	5%	2%	3%	2%	3%	2%	5%	2%	1%	1%	2%	2%	1%	2%	2%	4%	1%	2%	6%	0%	3%	2%	2%
Structured deposit/ investment	0.8	2%	2%	1%	0%	0%	1%	1%	3%	3%	3%	3%	3%	1%	2%	0%	0%	4%	1%	2%	1%	2%	1%	4%	0%	0%	0%	2%	1%	1%	2%	2%	2%	1%	2%	3%	0%	2%	2%	1%
Crowdfunding / peer-to-peer lending	0.7	1%	2%	1%	1%	1%	2%	1%	2%	1%	1%	1%	0%	2%	2%	1%	1%	1%	1%	2%	1%	2%	1%	2%	2%	1%	1%	2%	0	1%	1%	1%	3%	1%	1%	4%	1%	2%	1%	2%
Other investments (not FCA regulated)																																								
Buy-to-let, second home, other invest.	3.7	7%	8%	6%	1%	4%	8%	12%	11%	6%	8%	4%	1%	7%	15%	3%	1%	6%	8%	10%	3%	11%	4%	9%	11%	2%	5%	8%	1%	1%	4%	8%	17%	2%	8%	18%	3%	8%	5%	9%
Wine, art, jewellery, other 'real' invest.	1.1	2%	3%	2%	1%	2%	2%	3%	3%	2%	3%	2%	1%	2%	5%	2%	1%	2%	2%	2%	2%	3%	2%	3%	3%	1%	1%	2%	1%	1%	2%	2%	5%	1%	2%	5%	1%	2%	2%	3%
Pension																																								
Any pension (accumulation)	25.9	51%	54%	48%	30%	61%	71%	77%	54%	15%	17%	13%	14%	75%	48%	22%	9%	14%	28%	58%	39%	57%	45%	37%	77%	41%	34%	55%	18%	22%	48%	65%	78%	21%	61%	84%	46%	52%	42%	60%
Any pension (decumulation)	9.0	18%	21%	15%	0	0	0	3%	36%	52%	59%	44%	36%	5%	14%	3%	0%	55%	15%	19%	16%	22%	13%	43%	7%	7%	7%	17%	25%	17%	25%	19%	12%	15%	22%	16%	5%	20%	19%	16%
Any pension (accum. / decum.)	32.9	64%	70%	60%	30%	61%	71%	78%	76%	61%	68%	53%	46%	77%	58%	23%	9%	63%	38%	72%	52%	74%	55%	73%	82%	46%	39%	68%	40%	36%	69%	79%	86%	34%	78%	93%	50%	68%	57%	72%
DC scheme (accumulation)	19.0	37%	40%	35%	25%	48%	51%	55%	38%	10%	12%	8%	7%	54%	41%	18%	7%	9%	22%	42%	29%	41%	34%	26%	55%	33%	26%	40%	11%	18%	36%	47%	55%	17%	43%	63%	36%	38%	31%	44%
DB scheme (accumulation)	8.7	17%	18%	16%	5%	14%	24%	31%	23%	6%	6%	6%	6%	26%	12%	6%	3%	6%	7%	20%	12%	21%	13%	15%	28%	10%	8%	18%	7%	6%	13%	22%	30%	6%	21%	32%	12%	18%	13%	21%
DC scheme (decumulation)	4.5	9%	10%	7%	0	0	0	1%	17%	27%	31%	22%	19%	3%	10%	2%	0%	26%	7%	9%	8%	11%	7%	20%	4%	5%	4%	8%	15%	10%	13%	8%	5%	10%	10%	6%	3%	10%	9%	8%
DB scheme (decumulation)	5.2	10%	12%	8%	0	0	0	2%	21%	30%	34%	24%	19%	3%	5%	1%	0%	34%	8%	11%	9%	13%	7%	27%	4%	2%	3%	10%	11%	7%	14%	12%	8%	5%	14%	11%	2%	12%	11%	9%
Mortgage on property you live in currently																																								
Residential mortgage	15.7	31%	33%	29%	6%	36%	56%	54%	25%	6%	8%	3%	1%	45%	41%	13%	4%	5%	20%	41%	14%	42%	20%	4%	89%	2%	2%	34%	5%	7%	22%	42%	58%	13%	34%	59%	23%	32%	23%	39%
Second charge mortgage	0.4	1%	1%	1%	0%	0%	1%	1%	1%	0%	0%	0%	0%	1%	2%	0%	0%	0%	0%	1%	0%	1%	0%	0%	2%	0%	1%	1%	0%	0%	1%	1%	1%	0%	1%	1%	2%	1%	1%	1%
Lifetime mortgage	0.1	0%	0%	0%	0	0	0	0	0%	1%	1%	2%	0%	0%	0%	0	0	1%	0%	0%	0%	0%	0%	0%	0%	0	0%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Mortgage not on property you live in currently																																								
Buy-to-let mortgage	1.5	3%	4%	2%	0%	2%	5%	5%	4%	1%	1%	1%		3%	8%	1%	0%	1%	3%	4%	1%	4%	2%	2%	6%	1%	2%	3%	0%	1%	1%	3%	7%	0%	3%	8%	1%	3%	2%	4%
Mortgage on second home or other	0.3	1%	1%	0%	0%	1%	1%	1%	0%	0%	0%	0	0	1%	1%	1%	0	0%	1%	1%	0%	1%	0%	0%	1%	0%	1%	1%	0%	0%	0%	0%	2%	0%	1%	2%	0%	1%	0%	1%
Commercial mortgage	0.1	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0%	1%	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0%	1%	0%	0%	0%	0%	0%	0%	0%

Part I: Products (column percentages)			Gender		Age									Working status						In a couple		Married / Civil Partner		Property status				Internet user		Household income				Tax bracket			Over-indebted		Show characteristics of potential vulnerability	
	UK adults (millions)	Total	Male	Female	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+	65 to 74	75+	85+	Employed	Self-employed	Unemployed	Student	Retired	Other	Yes	No	Yes	No	Own outright	Mortgage or loan, or shared ownership	Renting	Rent free / other	Yes	No	<£15k	£15k - <£30k	£30k - <£50k	£50K+	None	Basic	Higher / additional	Yes	No	Yes	No
Credit – now or in the last 12 months																																								
Any credit/loan	39.6	78%	79%	77%	69%	82%	86%	85%	80%	65%	74%	54%	35%	85%	84%	57%	70%	65%	72%	83%	69%	83%	73%	76%	90%	72%	60%	82%	38%	63%	80%	87%	91%	65%	84%	93%	83%	77%	74%	81%
Any credit/loan (excl. transactors)	26.3	51%	51%	52%	64%	71%	67%	57%	43%	20%	25%	14%	2%	64%	56%	47%	65%	20%	51%	53%	49%	50%	53%	26%	67%	62%	48%	56%	16%	44%	54%	63%	61%	44%	55%	55%	77%	48%	52%	51%
Any credit/loan (excl. not FCA reg.) i.e. **consumer credit**	38.1	75%	76%	74%	53%	78%	84%	84%	79%	65%	74%	53%	35%	82%	82%	52%	47%	65%	70%	81%	63%	82%	68%	76%	88%	67%	51%	79%	37%	59%	78%	84%	89%	59%	81%	92%	79%	75%	71%	78%
Any credit/loan (excl. trans. & not reg.)	23.2	46%	46%	46%	42%	58%	62%	55%	42%	20%	25%	14%	2%	57%	51%	38%	36%	20%	47%	49%	40%	47%	44%	25%	62%	53%	33%	49%	15%	38%	49%	56%	55%	37%	50%	51%	71%	42%	47%	44%
Credit card	31.6	62%	65%	59%	29%	61%	71%	73%	70%	58%	67%	47%	34%	69%	72%	34%	24%	58%	47%	70%	48%	72%	52%	70%	77%	47%	34%	66%	27%	38%	62%	73%	82%	41%	70%	88%	52%	64%	55%	69%
Credit card (excl. transactors)	9.6	19%	18%	19%	9%	27%	30%	25%	16%	6%	8%	4%	2%	26%	21%	15%	8%	5%	15%	21%	16%	20%	18%	7%	28%	24%	11%	21%	4%	13%	23%	26%	23%	12%	23%	19%	36%	16%	20%	18%
Overdraft (i.e. overdrawn)	12.9	25%	25%	26%	29%	36%	38%	30%	19%	7%	10%	3%	0%	32%	32%	22%	29%	6%	28%	27%	23%	25%	26%	9%	35%	33%	20%	28%	6%	21%	28%	31%	32%	22%	27%	29%	50%	22%	28%	22%
Retail finance	12.1	24%	16%	31%	14%	22%	29%	28%	26%	22%	24%	18%	10%	26%	21%	17%	10%	22%	26%	26%	19%	27%	21%	24%	29%	23%	12%	25%	13%	21%	28%	27%	26%	22%	26%	23%	31%	23%	25%	23%
Retail finance (excl. transactors)	5.9	12%	8%	15%	9%	14%	18%	14%	11%	5%	6%	3%	0%	15%	9%	11%	5%	5%	17%	12%	10%	12%	11%	5%	15%	17%	5%	12%	3%	12%	14%	15%	11%	11%	13%	9%	25%	9%	14%	9%
Store card	7.8	15%	10%	21%	8%	11%	17%	17%	19%	17%	19%	15%	9%	16%	14%	8%	8%	17%	13%	17%	12%	19%	12%	19%	18%	11%	7%	16%	8%	11%	18%	17%	18%	13%	17%	17%	14%	16%	15%	16%
Store card (excl. transactors)	1.7	3%	2%	5%	3%	4%	6%	4%	2%	1%	1%	1%	0%	4%	3%	3%	2%	1%	5%	4%	3%	4%	3%	1%	4%	5%	1%	4%	0%	3%	4%	5%	3%	3%	4%	2%	7%	3%	4%	2%
Personal loan	6.3	12%	14%	11%	5%	17%	19%	17%	12%	5%	5%	4%	0%	18%	12%	4%	2%	5%	7%	15%	8%	15%	10%	6%	21%	11%	6%	14%	2%	5%	13%	19%	19%	5%	16%	16%	16%	12%	12%	13%
Motor finance	5.1	10%	11%	9%	7%	13%	12%	12%	10%	5%	6%	4%	1%	14%	13%	4%	2%	5%	4%	12%	6%	12%	8%	8%	16%	7%	7%	11%	1%	3%	9%	14%	17%	3%	12%	18%	11%	10%	9%	11%
Catalogue credit (all)	4.5	9%	4%	14%	5%	11%	14%	11%	7%	5%	5%	3%	1%	11%	6%	9%	3%	5%	13%	9%	8%	9%	9%	5%	10%	13%	4%	9%	4%	12%	11%	10%	7%	10%	9%	4%	18%	7%	11%	7%
Catalogue credit (excl. transactors)	2.8	5%	2%	8%	4%	8%	9%	7%	4%	2%	2%	1%	0%	7%	3%	6%	2%	2%	11%	6%	5%	5%	6%	2%	5%	10%	2%	6%	1%	8%	7%	7%	4%	7%	6%	1%	16%	4%	8%	3%
High-cost loan	3.1	6%	6%	6%	6%	9%	9%	6%	5%	2%	3%	1%	0	8%	5%	9%	2%	2%	10%	6%	6%	6%	6%	3%	7%	9%	3%	7%	1%	7%	8%	7%	6%	6%	6%	6%	17%	4%	8%	4%
Other hire purchase (HP)/ rent-to-own	1.7	3%	3%	3%	2%	4%	6%	4%	3%	1%	2%	0%	0	4%	3%	4%	1%	1%	6%	4%	2%	4%	3%	2%	6%	3%	1%	4%	1%	3%	3%	4%	5%	3%	4%	4%	6%	3%	4%	3%
Other retail credit	2.7	5%	5%	6%	5%	7%	7%	6%	5%	3%	3%	1%	0	7%	5%	5%	2%	2%	6%	6%	4%	6%	5%	3%	8%	6%	3%	6%	2%	4%	6%	7%	6%	4%	6%	6%	9%	5%	6%	5%
Payday loan	0.6	1%	1%	1%	2%	3%	2%	1%	0%	0%	0%	0	0	2%	1%	2%	1%	0%	2%	1%	2%	1%	2%	0%	1%	3%	1%	1%	0	1%	2%	2%	1%	1%	1%	1%	6%	0%	2%	0%
Short-term instalment loan	0.5	1%	1%	1%	1%	2%	1%	1%	1%	0%	0%	0%	0	1%	1%	2%	0%	0%	1%	1%	1%	1%	1%	0%	1%	2%	1%	1%	0	1%	1%	1%	1%	1%	1%	1%	3%	1%	1%	1%
Credit union loan	0.5	1%	1%	1%	1%	1%	2%	1%	1%	0%	0%	0%	0	1%	0%	2%	1%	0%	1%	1%	1%	1%	1%	0%	1%	2%	1%	1%	0%	2%	1%	1%	1%	1%	1%	1%	3%	1%	2%	0%
Home collected loan	0.5	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	0%	0	1%	0%	3%	0%	1%	4%	1%	1%	1%	1%	0%	0%	2%	1%	1%	1%	2%	2%	0%	0%	2%	0%	0%	5%	0%	2%	0%
Pawnbroking	0.3	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0	0	0%	0%	3%	1%	0%	2%	0%	1%	0%	1%	0%	0%	2%	0%	1%	0%	2%	1%	0%	0%	1%	0%	0%	2%	0%	1%	0%
Peer-to-peer loan	0.2	0%	1%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0	1%	1%	1%	1%	0%	0%	1%	0%	1%	0%	0%	1%	1%	0%	0%	0%	0%	0%	1%	1%	0%	0%	1%	1%	0%	1%	0%
Logbook loan	0.1	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0%	0%	0	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%
Credit (not FCA regulated) – now or in the last 12 months																																								
Student Loans Company loan	5.8	11%	11%	12%	36%	30%	10%	3%	1%	0%	0%	0	0	15%	7%	10%	54%	0%	6%	9%	15%	7%	17%	2%	12%	19%	21%	13%	0%	8%	10%	14%	13%	13%	12%	7%	14%	11%	11%	12%
Loan from friends or family	3.6	7%	7%	8%	12%	13%	11%	6%	3%	1%	1%	0%	0	9%	9%	11%	12%	1%	10%	6%	8%	6%	9%	2%	8%	12%	9%	8%	1%	8%	9%	8%	6%	7%	7%	6%	21%	5%	10%	4%
Loan from unregistered lender	0.1	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%
General insurance																																								
Any general insurance	41.6	82%	83%	81%	59%	77%	84%	88%	89%	85%	88%	80%	76%	87%	89%	49%	48%	84%	67%	88%	71%	90%	74%	93%	95%	64%	60%	84%	64%	62%	85%	91%	94%	69%	89%	96%	67%	85%	76%	87%
Motor	31.1	61%	66%	57%	34%	55%	65%	75%	72%	58%	67%	46%	31%	68%	77%	29%	23%	57%	47%	71%	45%	73%	49%	72%	77%	40%	40%	65%	27%	36%	63%	75%	77%	41%	71%	79%	48%	64%	53%	68%
Home contents & buildings cover	24.8	49%	50%	47%	7%	31%	51%	64%	63%	60%	64%	55%	47%	50%	57%	17%	4%	60%	34%	61%	29%	66%	32%	74%	75%	6%	7%	50%	35%	26%	44%	58%	66%	34%	55%	69%	25%	53%	41%	57%
Motor breakdown	18.5	36%	39%	33%	13%	26%	36%	47%	46%	42%	49%	32%	22%	38%	48%	14%	9%	41%	28%	43%	25%	46%	27%	49%	46%	19%	15%	39%	16%	18%	37%	44%	48%	23%	42%	53%	22%	39%	31%	42%
Single-trip travel insurance	12.4	24%	23%	25%	27%	25%	26%	26%	23%	20%	23%	16%	8%	29%	27%	14%	22%	20%	14%	25%	23%	25%	24%	24%	30%	20%	24%	26%	10%	14%	25%	28%	31%	19%	28%	29%	18%	26%	21%	28%
Multi-trip travel insurance	11.0	22%	23%	20%	8%	16%	21%	29%	29%	22%	31%	10%	2%	23%	31%	8%	6%	23%	14%	27%	12%	29%	15%	31%	29%	8%	8%	24%	4%	6%	15%	24%	41%	11%	23%	48%	8%	24%	16%	27%
Home emergency/ boiler/ heating cover	9.4	19%	19%	18%	2%	9%	17%	24%	25%	27%	29%	24%	24%	18%	19%	8%	2%	27%	13%	23%	12%	25%	12%	31%	26%	2%	2%	19%	14%	11%	17%	21%	25%	13%	20%	30%	10%	20%	16%	21%
Legal expenses/ protection insurance	8.6	17%	19%	15%	2%	8%	15%	23%	25%	22%	28%	14%	10%	17%	21%	6%	2%	22%	14%	21%	11%	23%	11%	26%	23%	4%	5%	18%	4%	7%	17%	20%	26%	10%	19%	30%	9%	18%	14%	20%
Mobile phone	6.6	13%	13%	12%	12%	17%	16%	15%	12%	7%	9%	3%	1%	16%	18%	7%	11%	6%	9%	15%	10%	14%	12%	10%	18%	12%	10%	14%	2%	5%	12%	17%	19%	8%	15%	20%	13%	13%	11%	14%
Home contents only cover	6.3	12%	12%	13%	6%	13%	13%	10%	13%	16%	15%	19%	22%	12%	12%	8%	6%	15%	13%	11%	15%	10%	15%	9%	8%	22%	8%	12%	18%	13%	15%	13%	12%	12%	13%	14%	12%	13%	14%	11%
PMI (private medical insurance)	5.9	12%	13%	10%	4%	10%	17%	16%	12%	8%	10%	6%	5%	16%	11%	3%	3%	7%	6%	15%	7%	16%	7%	12%	19%	5%	5%	13%	1%	2%	5%	11%	28%	4%	10%	39%	6%	13%	9%	14%
Pet insurance	5.5	11%	9%	12%	3%	12%	15%	16%	11%	7%	10%	3%	1%	13%	13%	7%	3%	7%	11%	14%	5%	15%	7%	10%	18%	6%	4%	12%	3%	4%	10%	14%	17%	7%	12%	17%	10%	11%	9%	12%
Extended warranty	4.1	8%	8%	8%	2%	5%	8%	11%	11%	10%	12%	6%	5%	8%	10%	4%	3%	10%	8%	10%	5%	10%	6%	11%	10%	5%	3%	9%	4%	5%	8%	10%	10%	7%	9%	12%	6%	9%	7%	9%
Home buildings only cover	3.1	6%	7%	6%	1%	4%	7%	7%	8%	8%	9%	8%	8%	6%	9%	2%	0%	7%	5%	7%	5%	7%	5%	9%	9%	1%	3%	6%	7%	4%	6%	6%	8%	4%	7%	9%	4%	7%	5%	7%
Healthcare cash plan (including dental)	2.9	6%	6%	5%	2%	3%	6%	7%	8%	6%	7%	5%	3%	7%	3%	1%	0%	6%	3%	7%	4%	7%	4%	7%	8%	3%	1%	6%	2%	2%	5%	7%	9%	3%	6%	11%	3%	6%	4%	7%
Gadget insurance	1.8	3%	4%	3%	4%	4%	4%	4%	2%	2%	2%	2%	2%	4%	4%	1%	5%	2%	4%	4%	3%	4%	3%	3%	4%	3%	3%	4%	1%	3%	2%	3%	5%	3%	3%	6%	4%	3%	4%	3%
Credit card protection	1.7	3%	4%	3%	1%	2%	2%	3%	4%	6%	6%	6%	2%	3%	4%	1%	0%	5%	2%	4%	2%	4%	2%	6%	3%	2%	1%	3%	2%	2%	3%	4%	4%	2%	4%	6%	2%	4%	3%	3%
GAP (guaranteed asset protection)	1.6	3%	3%	3%	3%	4%	3%	3%	3%	2%	4%	1%	0%	4%	5%	1%	1%	2%	1%	4%	2%	4%	3%	3%	5%	2%	2%	3%	0%	2%	3%	4%	5%	1%	4%	5%	3%	3%	3%	4%
High value items insurance	1.5	3%	3%	3%	1%	2%	2%	4%	3%	4%	5%	3%	2%	3%	6%	1%	1%	3%	2%	4%	1%	4%	2%	4%	4%	1%	0%	3%	1%	1%	2%	3%	6%	2%	3%	7%	2%	3%	3%	3%
ID theft insurance	0.5	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	0	1%	1%	0	0%	1%	0%	1%	1%	1%	1%	1%	1%	0%	1%	1%	0%	0%	1%	1%	2%	0%	1%	2%	1%	1%	1%	1%
Protection insurance																																								
Any protection	17.9	35%	36%	34%	9%	29%	46%	50%	39%	31%	31%	30%	27%	41%	42%	13%	7%	30%	26%	42%	23%	45%	26%	32%	60%	19%	12%	36%	24%	21%	30%	41%	54%	24%	39%	58%	25%	37%	30%	40%
Life insurance	14.4	28%	29%	27%	6%	25%	41%	44%	30%	18%	19%	17%	14%	36%	36%	10%	6%	18%	19%	36%	15%	38%	18%	22%	53%	14%	8%	30%	15%	12%	23%	34%	48%	17%	31%	50%	21%	30%	23%	33%
Critical illness cover	5.0	10%	10%	9%	3%	12%	20%	17%	7%	1%	1%	0%	1%	15%	13%	2%	2%	1%	4%	13%	5%	13%	7%	4%	24%	3%	2%	11%	0	2%	6%	12%	22%	3%	11%	23%	8%	10%	7%	12%
Personal accident insurance	3.1	6%	7%	5%	2%	4%	7%	7%	8%	6%	8%	4%	2%	7%	8%	1%	2%	5%	4%	7%	4%	8%	5%	7%	8%	4%	3%	6%	2%	3%	6%	8%	9%	3%	7%	12%	4%	6%	5%	7%
Income protection insurance	1.9	4%	4%	3%	2%	4%	7%	6%	3%	0%	0%	0	0	6%	6%	0%	1%	0%	1%	5%	2%	5%	3%	1%	9%	2%	1%	4%	0%	0%	2%	4%	9%	0%	4%	11%	2%	4%	3%	5%
Funeral plan	1.6	3%	3%	4%	0%	0%	1%	1%	4%	10%	8%	13%	12%	1%	2%	1%	0%	10%	4%	3%	4%	3%	4%	6%	1%	3%	1%	3%	9%	7%	4%	2%	1%	5%	3%	1%	2%	4%	4%	2%
MPPI (mortgage payment protection)	1.4	3%	3%	3%	0%	3%	5%	5%	3%	0%	1%	0%	0	4%	2%	1%	0%	0%	1%	4%	2%	4%	2%	0%	8%	0%	0%	3%	0%	0%	2%	4%	5%	1%	3%	5%	3%	3%	3%	3%
Unemployment/ redundancy insurance	1.1	2%	3%	2%	1%	2%	4%	4%	2%	0	0	0	0	4%	2%	0%	0%	0%	0%	3%	1%	3%	2%	1%	5%	1%	1%	2%	0%	0%	1%	3%	4%	0%	3%	5%	2%	2%	2%	3%
PPI (payment protection insurance)	0.3	1%	1%	0%	0%	1%	1%	1%	1%	0%	0%	0%	0	1%	1%	1%	0%	0%	0%	1%	0%	1%	1%	0%	1%	1%	0%	1%	0%	0%	1%	1%	1%	0%	1%	1%	0%	1%	1%	1%
Long-term care insurance	0.2	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0	0%	0%	0%	1%	0%	0%	1%	1%	0%	0%	0%

Part II: Products (row percentages)	UK adults (millions)	Total	Gender: Male	Gender: Female	Age: 18 to 24	Age: 25 to 34	Age: 35 to 44	Age: 45 to 54	Age: 55 to 64	Age: 65+	Age: 65 to 74	Age: 75+	Age: 85+	Working status: Employed	Working status: Self-employed	Working status: Unemployed	Working status: Student	Working status: Retired	Working status: Other	In a couple: Yes	In a couple: No	Married / Civil Partner: Yes	Married / Civil Partner: No	Property status: Own outright	Property status: Mortgage or loan, or shared ownership	Property status: Renting	Property status: Rent free / other	Internet user: Yes	Internet user: No	Household income: <£15k	Household income: £15k - <£30k	Household income: £30k - <£50k	Household income: £50K+	Tax bracket: None	Tax bracket: Basic	Tax bracket: Higher / additional	Over-indebted: Yes	Over-indebted: No	Show characteristics of potential vulnerability: Yes	Show characteristics of potential vulnerability: No
Retailing banking and savings																																								
Any day-to-day account	49.7	100%	49%	51%	11%	17%	16%	18%	15%	23%	13%	10%	2%	54%	8%	4%	3%	23%	7%	63%	36%	51%	48%	30%	33%	28%	8%	90%	10%	15%	19%	19%	24%	21%	54%	12%	14%	85%	50%	50%
Any savings account	36.5	100%	49%	51%	9%	17%	16%	19%	16%	24%	14%	10%	2%	56%	9%	2%	3%	24%	6%	67%	32%	55%	44%	35%	36%	21%	7%	92%	8%	11%	19%	21%	28%	18%	58%	15%	10%	90%	46%	54%
Current account	49.1	100%	49%	51%	11%	17%	16%	18%	15%	22%	13%	10%	2%	55%	8%	4%	3%	23%	7%	63%	35%	51%	47%	30%	33%	28%	8%	90%	10%	14%	19%	19%	24%	20%	54%	12%	14%	85%	50%	50%
Savings account (bank, build. soc., NS&I)	30.4	100%	49%	50%	8%	17%	16%	19%	16%	23%	14%	9%	2%	57%	9%	2%	3%	23%	6%	68%	31%	56%	43%	36%	37%	21%	6%	93%	7%	10%	18%	21%	30%	16%	58%	16%	10%	90%	45%	55%
Cash ISA	19.0	100%	47%	52%	7%	16%	15%	17%	18%	27%	17%	10%	2%	55%	8%	2%	2%	28%	5%	69%	30%	58%	41%	43%	35%	16%	6%	93%	7%	9%	18%	21%	30%	16%	60%	16%	7%	93%	43%	57%
Premium bonds	10.6	100%	50%	50%	3%	7%	9%	20%	23%	39%	23%	15%	3%	43%	10%	1%	1%	38%	6%	71%	28%	63%	36%	56%	30%	9%	5%	93%	7%	9%	20%	19%	28%	17%	58%	17%	5%	95%	44%	56%
NS&I bond	3.3	100%	49%	51%	5%	7%	12%	11%	12%	53%	34%	19%	4%	34%	8%	1%	2%	49%	5%	71%	28%	64%	35%	64%	22%	10%	4%	90%	10%	8%	19%	19%	29%	16%	60%	17%	5%	95%	45%	55%
Post Office card account	1.3	100%	37%	60%	6%	11%	11%	14%	9%	48%	17%	31%	8%	17%	4%	5%	4%	47%	22%	44%	54%	33%	63%	32%	13%	47%	7%	61%	38%	38%	17%	8%	4%	46%	30%	5%	21%	79%	75%	25%
Credit union savings account	1.2	100%	47%	53%	4%	16%	20%	29%	19%	11%	6%	5%	1%	63%	4%	8%	2%	12%	11%	63%	35%	51%	48%	22%	37%	34%	7%	94%	6%	19%	22%	23%	23%	17%	59%	11%	24%	76%	56%	44%
E-money alternative account	0.7	100%	70%	30%	15%	23%	17%	20%	12%	12%	10%	2%	0	59%	14%	1%	7%	12%	6%	63%	36%	48%	51%	23%	41%	27%	7%	96%	4%	7%	18%	19%	36%	13%	57%	17%	19%	81%	52%	48%
Unbanked	1.3	100%	39%	58%	21%	20%	14%	12%	9%	23%	9%	14%	5%	22%	4%	22%	10%	23%	17%	44%	53%	31%	63%	14%	10%	46%	22%	73%	25%	35%	12%	5%	5%	43%	22%	2%	28%	68%	77%	23%
Unbanked plus (no day-to-day account)	0.8	100%	35%	61%	27%	22%	14%	10%	7%	18%	8%	10%	3%	22%	4%	26%	13%	17%	16%	42%	53%	30%	61%	7%	12%	41%	28%	80%	17%	35%	11%	4%	5%	40%	15%	0%	31%	63%	74%	26%
Investments																																								
Any investment product	14.6	100%	55%	44%	2%	9%	14%	22%	20%	33%	20%	13%	3%	49%	10%	2%	1%	33%	5%	74%	25%	66%	33%	50%	36%	10%	4%	94%	6%	7%	16%	20%	36%	13%	56%	24%	6%	94%	42%	58%
Stocks and shares ISA (or PEP)	8.8	100%	57%	43%	2%	7%	12%	23%	20%	35%	22%	13%	3%	44%	11%	2%	1%	36%	5%	75%	24%	67%	32%	55%	32%	9%	4%	94%	5%	6%	16%	19%	37%	12%	55%	26%	5%	95%	43%	57%
Shares/ equities	8.3	100%	60%	40%	2%	9%	13%	24%	22%	31%	19%	11%	2%	51%	11%	2%	1%	31%	5%	76%	23%	68%	31%	50%	39%	7%	3%	97%	3%	5%	14%	21%	39%	11%	56%	27%	5%	95%	39%	61%
Investment fund or endowment	4.9	100%	60%	39%	2%	6%	12%	23%	23%	35%	21%	14%	2%	45%	12%	2%	1%	35%	6%	77%	22%	69%	30%	57%	31%	9%	3%	96%	4%	5%	16%	19%	42%	12%	54%	29%	4%	96%	43%	57%
Insurance bond	2.5	100%	47%	52%	2%	7%	11%	18%	19%	42%	23%	20%	5%	41%	10%	1%	1%	42%	5%	75%	24%	67%	32%	55%	30%	9%	5%	90%	10%	8%	21%	19%	30%	15%	58%	19%	8%	92%	51%	49%
Corporate bond or gilt/ govt. bond	1.2	100%	67%	33%	3%	7%	6%	15%	21%	49%	30%	19%	3%	32%	11%	1%	1%	49%	5%	74%	26%	66%	34%	67%	22%	7%	3%	91%	9%	5%	16%	19%	38%	10%	52%	33%	3%	96%	48%	52%
Structured deposit/ investment	0.8	100%	51%	48%	1%	3%	6%	14%	27%	49%	28%	20%	4%	30%	9%	1%	1%	53%	5%	68%	31%	62%	38%	79%	10%	9%	3%	94%	6%	10%	23%	22%	27%	15%	57%	23%	4%	96%	55%	45%
Crowdfunding / peer-to-peer lending	0.7	100%	74%	25%	10%	17%	26%	14%	19%	14%	10%	4%	0%	60%	12%	2%	4%	15%	8%	73%	27%	61%	38%	35%	35%	22%	8%	100%		5%	10%	17%	57%	8%	52%	34%	8%	92%	38%	62%
Other investments (not FCA regulated)																																								
Buy-to-let, second home, other invest.	3.7	100%	57%	43%	1%	9%	19%	30%	23%	19%	14%	5%	0%	54%	18%	2%	1%	18%	8%	84%	15%	75%	25%	37%	48%	9%	6%	98%	2%	3%	10%	20%	53%	7%	57%	30%	6%	94%	37%	63%
Wine, art, jewellery, other 'real' invest.	1.1	100%	63%	37%	5%	14%	17%	23%	18%	23%	16%	7%	2%	47%	18%	3%	2%	22%	7%	71%	28%	60%	39%	41%	39%	15%	5%	96%	4%	4%	15%	15%	48%	11%	51%	29%	5%	95%	38%	62%
Pension																																								
Any pension (accumulation)	25.9	100%	52%	48%	7%	21%	23%	27%	16%	7%	4%	2%	1%	79%	8%	2%	1%	6%	4%	71%	28%	57%	42%	22%	49%	23%	5%	96%	4%	7%	18%	23%	35%	9%	63%	20%	13%	87%	41%	59%
Any pension (decumulation)	9.0	100%	57%	43%	0	0	0	3%	30%	67%	43%	24%	5%	16%	7%	1%	0%	70%	6%	67%	32%	64%	36%	73%	13%	11%	3%	85%	15%	14%	26%	20%	16%	17%	66%	11%	4%	96%	54%	46%
Any pension (accum. and/or decum.)	32.9	100%	52%	47%	5%	17%	18%	22%	17%	21%	13%	8%	2%	64%	7%	2%	1%	22%	4%	70%	29%	58%	41%	34%	41%	20%	5%	94%	6%	8%	20%	23%	31%	11%	64%	17%	11%	89%	45%	55%
DC scheme (accumulation)	19.0	100%	53%	47%	8%	23%	22%	26%	15%	6%	4%	2%	0%	78%	9%	2%	1%	5%	4%	70%	28%	55%	44%	21%	48%	25%	6%	97%	3%	7%	18%	23%	34%	9%	62%	20%	14%	86%	42%	58%
DB scheme (accumulation)	8.7	100%	52%	47%	3%	14%	23%	33%	19%	8%	4%	3%	1%	81%	6%	2%	1%	8%	3%	75%	24%	63%	36%	26%	54%	16%	4%	96%	4%	5%	15%	24%	41%	7%	65%	22%	10%	90%	38%	62%
DC scheme (decumulation)	4.5	100%	58%	42%	0	0	0	2%	28%	70%	45%	24%	5%	18%	9%	1%	0%	66%	6%	66%	33%	62%	38%	67%	14%	15%	4%	83%	17%	17%	28%	17%	13%	24%	61%	9%	5%	94%	53%	47%
DB scheme (decumulation)	5.2	100%	58%	42%	0	0	0	3%	31%	66%	43%	23%	4%	14%	4%	0%	0%	75%	6%	69%	30%	67%	33%	80%	12%	6%	2%	89%	11%	10%	26%	23%	18%	11%	71%	13%	2%	98%	54%	46%
Mortgage on property you live in currently																																								
Residential mortgage	15.7	100%	51%	48%	2%	20%	30%	31%	12%	4%	3%	1%	0%	78%	11%	2%	0%	4%	5%	82%	17%	68%	30%	4%	93%	2%	1%	98%	2%	3%	13%	25%	44%	9%	59%	23%	11%	89%	37%	63%
Second charge mortgage	[0.4]	[100%]	[60%]	[40%]	[3%]	[9%]	[28%]	[30%]	[22%]	[9%]	[7%]	[2%]	[1%]	[69%]	[20%]	[2%]	[0%]	[8%]	[1%]	[83%]	[17%]	[78%]	[22%]	[11%]	[79%]	[4%]	[6%]	[93%]	[7%]	[5%]	[19%]	[23%]	[38%]	[13%]	[56%]	[25%]	[33%]	[67%]	[55%]	[45%]
Lifetime mortgage	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Mortgage not on property you live in currently																																								
Buy-to-let mortgage	1.5	100%	60%	40%	0%	11%	26%	33%	21%	9%	6%	3%	0	58%	24%	2%	0%	9%	7%	85%	13%	73%	26%	20%	70%	6%	5%	99%	1%	3%	7%	20%	58%	3%	56%	34%	7%	93%	35%	65%
Mortgage on second home or other	[0.3]	[100%]	[64%]	[36%]	[3%]	[20%]	[22%]	[35%]	[11%]	[9%]	[9%]	0	0	[70%]	[11%]	[4%]	0	[4%]	[11%]	[89%]	[11%]	[77%]	[23%]	[15%]	[57%]	[22%]	[7%]	[98%]	[2%]	[1%]	[5%]	[12%]	[71%]	[9%]	[43%]	[45%]	[11%]	[89%]	[31%]	[69%]
Commercial mortgage	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Part II: Products (row percentages)	UK adults (millions)	Total	Gender		Age									Working status						In a couple		Married / Civil Partner		Property status				Internet user		Household income				Tax bracket			Over-indebted		Show characteristics of potential vulnerability	
			Male	Female	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+	65 to 74	75+	85+	Employed	Self-employed	Unemployed	Student	Retired	Other	Yes	No	Yes	No	Own outright	Mortgage or loan, or shared ownership	Renting	Rent free / other	Yes	No	<£15k	£15k - <£30k	£30k - <£50k	£50K+	None	Basic	Higher / additional	Yes	No	Yes	No
Credit – now or in the last 12 months																																								
Any credit or loan	39.6	100%	49%	50%	10%	19%	18%	19%	15%	19%	12%	7%	1%	59%	9%	3%	3%	19%	7%	67%	32%	54%	45%	29%	37%	27%	6%	95%	5%	12%	20%	21%	27%	17%	57%	14%	15%	84%	48%	52%
Any credit or loan (excl. transactors)	26.3	100%	48%	51%	14%	24%	21%	20%	12%	9%	6%	3%	0%	66%	9%	4%	5%	9%	7%	64%	34%	49%	50%	15%	42%	34%	8%	97%	3%	13%	20%	22%	27%	18%	57%	13%	22%	78%	51%	49%
Any credit/loan (excl. not FCA reg.) i.e. **consumer credit**	38.1	100%	49%	50%	8%	18%	18%	20%	16%	20%	13%	7%	1%	59%	9%	3%	2%	20%	7%	68%	31%	55%	43%	30%	38%	26%	6%	95%	5%	12%	20%	21%	28%	17%	58%	15%	15%	84%	48%	52%
Any credit/loan (excl. trans. & not reg.)	23.2	100%	49%	51%	10%	22%	22%	22%	14%	10%	7%	3%	0%	67%	9%	4%	3%	10%	8%	67%	31%	52%	46%	16%	44%	33%	6%	96%	3%	13%	20%	23%	28%	17%	58%	14%	23%	77%	51%	49%
Credit card	31.6	100%	51%	49%	5%	17%	19%	21%	17%	21%	14%	7%	1%	60%	10%	2%	1%	21%	6%	71%	28%	58%	40%	33%	40%	22%	5%	95%	4%	9%	19%	22%	31%	14%	60%	17%	12%	88%	44%	56%
Credit card (excl. transactors)	9.6	100%	47%	53%	6%	25%	26%	23%	13%	8%	6%	2%	0%	73%	9%	3%	2%	6%	6%	69%	30%	52%	46%	10%	49%	36%	5%	98%	2%	10%	23%	25%	28%	13%	64%	12%	27%	72%	54%	46%
Overdraft (i.e. overdrawn)	12.9	100%	48%	52%	13%	25%	24%	21%	11%	6%	5%	1%	0%	68%	10%	4%	4%	5%	8%	67%	32%	50%	49%	11%	45%	37%	6%	97%	3%	13%	21%	23%	29%	18%	57%	14%	28%	72%	56%	44%
Retail finance	12.1	100%	32%	67%	6%	16%	20%	21%	16%	20%	13%	8%	1%	59%	7%	3%	2%	20%	8%	69%	30%	57%	42%	30%	39%	27%	4%	94%	6%	13%	22%	21%	25%	19%	58%	12%	19%	81%	52%	48%
Retail finance (excl. transactors)	5.9	100%	35%	65%	8%	22%	25%	21%	14%	9%	7%	2%	0%	67%	7%	4%	2%	9%	11%	68%	31%	51%	47%	14%	41%	41%	4%	97%	3%	15%	23%	24%	22%	20%	58%	9%	31%	69%	60%	40%
Store card	7.8	100%	31%	68%	6%	13%	18%	20%	18%	25%	16%	10%	1%	57%	8%	2%	2%	25%	6%	71%	28%	61%	38%	37%	39%	20%	4%	94%	6%	10%	22%	20%	27%	18%	59%	13%	13%	87%	49%	51%
Store card (excl. transactors)	1.7	100%	27%	72%	10%	20%	30%	21%	11%	8%	5%	3%	0%	71%	7%	3%	3%	7%	10%	68%	31%	54%	43%	12%	42%	42%	3%	99%	1%	13%	24%	25%	22%	21%	60%	7%	31%	68%	65%	35%
Personal loan	6.3	100%	55%	45%	5%	24%	25%	24%	14%	8%	6%	3%	0%	78%	8%	1%	0%	8%	4%	76%	24%	61%	37%	16%	55%	26%	4%	98%	2%	6%	19%	28%	35%	8%	68%	16%	19%	81%	47%	53%
Motor finance	5.1	100%	54%	46%	8%	23%	20%	22%	16%	12%	8%	4%	0%	73%	11%	2%	1%	11%	3%	76%	23%	62%	37%	23%	51%	20%	6%	99%	1%	4%	16%	26%	39%	7%	65%	21%	16%	84%	43%	57%
Catalogue credit (all)	4.5	100%	21%	79%	7%	22%	26%	22%	12%	11%	8%	4%	0%	66%	6%	4%	1%	12%	11%	65%	34%	49%	49%	16%	37%	43%	4%	95%	4%	19%	24%	21%	18%	24%	56%	6%	30%	70%	62%	38%
Catalogue credit (excl. transactors)	2.8	100%	22%	78%	7%	24%	28%	22%	11%	7%	5%	2%	0%	67%	5%	5%	1%	7%	15%	64%	35%	46%	51%	10%	32%	54%	3%	97%	3%	22%	26%	22%	15%	26%	55%	3%	42%	58%	71%	29%
High-cost loan	3.1	100%	45%	54%	11%	25%	25%	19%	12%	8%	7%	1%	0	67%	7%	6%	1%	7%	12%	63%	34%	48%	49%	13%	39%	43%	4%	98%	2%	18%	25%	20%	24%	20%	53%	12%	41%	59%	66%	34%
Other hire purchase (HP)/ rent-to-own	1.7	100%	49%	51%	6%	20%	28%	22%	14%	9%	8%	1%	0	67%	8%	4%	1%	7%	12%	76%	24%	59%	40%	18%	54%	26%	2%	98%	2%	15%	19%	21%	33%	18%	55%	15%	25%	75%	54%	46%
Other retail credit	2.7	100%	46%	54%	10%	22%	20%	22%	15%	11%	8%	3%	0	68%	8%	4%	1%	10%	8%	71%	28%	54%	44%	17%	47%	32%	4%	97%	3%	12%	20%	26%	27%	16%	60%	14%	24%	76%	53%	47%
Payday loan	0.6	100%	38%	60%	18%	37%	22%	17%	6%	1%	1%	0	0	77%	5%	6%	2%	1%	9%	53%	47%	37%	59%	4%	19%	70%	6%	100%	0	17%	37%	22%	14%	20%	53%	9%	67%	33%	82%	18%
Short-term instalment loan	0.5	100%	55%	45%	15%	29%	17%	20%	13%	6%	6%	1%	0	73%	6%	10%	1%	5%	5%	55%	42%	42%	55%	10%	33%	51%	6%	100%	0	21%	17%	26%	22%	19%	53%	13%	49%	51%	71%	29%
Credit union loan	0.5	100%	43%	55%	10%	22%	30%	24%	9%	4%	3%	1%	0	69%	2%	9%	3%	8%	9%	57%	40%	43%	55%	4%	35%	54%	7%	95%	2%	27%	21%	21%	22%	23%	53%	8%	52%	48%	81%	19%
Home collected loan	0.5	100%	32%	66%	10%	26%	23%	17%	14%	10%	8%	2%	0	39%	1%	14%	2%	15%	31%	51%	43%	30%	61%	4%	12%	75%	5%	91%	9%	35%	34%	9%	5%	40%	27%	3%	78%	22%	93%	7%
Pawnbroking	0.3	[100%]	[46%]	[54%]	[21%]	[33%]	[27%]	[11%]	[5%]	[4%]	[4%]	0	0	[42%]	[4%]	[20%]	[3%]	[5%]	[25%]	[39%]	[55%]	[20%]	[68%]	[12%]	[7%]	[80%]	[2%]	[97%]	[3%]	[42%]	[34%]	[3%]	[6%]	[41%]	[30%]	[6%]	[63%]	[37%]	[97%]	[3%]
Peer-to-peer loan	0.2	[100%]	[57%]	[39%]	[10%]	[35%]	[22%]	[19%]	[13%]	[2%]	[1%]	[1%]	0	[65%]	[13%]	[5%]	[6%]	[3%]	[8%]	[74%]	[23%]	[59%]	[38%]	[6%]	[51%]	[36%]	[6%]	[97%]	[3%]	[8%]	[16%]	[30%]	[41%]	[16%]	[49%]	[21%]	[37%]	[63%]	[67%]	[33%]
Logbook loan	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Credit (not FCA regulated) – now or in the last 12 months																																								
Student Loans Company loan	5.8	100%	47%	53%	35%	46%	14%	4%	1%	0%	0%	0	0	70%	5%	4%	17%	0%	4%	50%	49%	29%	70%	4%	33%	47%	15%	100%	0%	10%	17%	23%	27%	24%	54%	8%	18%	81%	48%	52%
Loan from friends or family	3.6	100%	45%	54%	18%	33%	25%	15%	6%	2%	2%	0%	0	64%	10%	7%	6%	3%	10%	56%	42%	39%	58%	8%	34%	47%	10%	98%	1%	16%	25%	22%	19%	22%	52%	9%	44%	56%	69%	31%
Loan from unregistered lender	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
General insurance																																								
Any general insurance	41.6	100%	49%	50%	8%	17%	17%	19%	16%	23%	14%	10%	2%	57%	9%	3%	2%	23%	6%	68%	31%	55%	43%	34%	37%	22%	6%	92%	8%	11%	20%	21%	26%	18%	58%	14%	12%	88%	47%	53%
Motor	31.1	100%	52%	47%	6%	16%	17%	22%	17%	21%	14%	7%	1%	59%	10%	2%	1%	21%	6%	72%	27%	60%	39%	35%	41%	19%	5%	95%	5%	9%	19%	23%	29%	14%	61%	15%	11%	88%	44%	56%
Home contents & buildings cover	24.8	100%	50%	50%	2%	11%	17%	23%	19%	28%	17%	11%	2%	55%	10%	1%	0%	28%	5%	78%	22%	68%	31%	45%	50%	4%	1%	92%	7%	8%	17%	22%	31%	15%	60%	17%	7%	92%	42%	58%
Motor breakdown	18.5	100%	53%	47%	4%	12%	16%	23%	19%	26%	17%	9%	1%	56%	11%	2%	1%	25%	6%	74%	25%	63%	35%	40%	41%	15%	4%	95%	5%	7%	19%	22%	31%	13%	61%	17%	9%	91%	43%	57%
Single-trip travel insurance	12.4	100%	47%	53%	13%	18%	17%	19%	14%	19%	12%	6%	1%	63%	9%	2%	3%	18%	4%	65%	34%	52%	47%	29%	39%	23%	8%	96%	4%	9%	20%	21%	29%	16%	60%	14%	11%	89%	44%	56%
Multi-trip travel insurance	11.0	100%	52%	47%	4%	13%	16%	24%	20%	23%	18%	5%	0%	57%	12%	2%	1%	24%	5%	78%	21%	67%	32%	43%	43%	11%	3%	98%	2%	4%	13%	21%	44%	11%	56%	26%	5%	94%	38%	62%
Home emergency/ boiler/ heating cover	9.4	100%	50%	50%	1%	8%	15%	23%	20%	33%	20%	13%	3%	51%	9%	2%	0%	33%	5%	76%	23%	68%	31%	49%	46%	3%	1%	92%	8%	9%	17%	21%	31%	15%	58%	19%	7%	92%	44%	56%
Legal expenses/ protection insurance	8.6	100%	55%	45%	1%	9%	15%	24%	22%	29%	21%	8%	1%	53%	10%	1%	0%	29%	6%	77%	23%	69%	31%	46%	44%	7%	2%	97%	2%	6%	19%	22%	36%	12%	60%	21%	8%	92%	42%	58%
Mobile phone	6.6	100%	51%	49%	11%	23%	20%	21%	14%	12%	9%	3%	0%	68%	11%	2%	3%	10%	5%	71%	28%	55%	43%	23%	44%	26%	6%	98%	2%	6%	17%	24%	35%	12%	60%	18%	14%	85%	44%	56%
Home contents only cover	6.3	100%	46%	54%	6%	18%	17%	14%	15%	30%	15%	15%	4%	51%	8%	3%	2%	28%	8%	56%	43%	41%	58%	22%	21%	52%	5%	85%	15%	16%	22%	19%	22%	21%	56%	14%	15%	85%	55%	45%
PMI (private medical insurance)	5.9	100%	54%	45%	4%	15%	23%	25%	16%	16%	11%	5%	1%	72%	8%	1%	1%	14%	4%	79%	20%	68%	31%	31%	52%	13%	3%	99%	1%	2%	8%	17%	56%	7%	45%	41%	8%	92%	38%	62%
Pet insurance	5.5	100%	42%	58%	3%	19%	22%	27%	15%	14%	11%	3%	0%	65%	10%	3%	1%	14%	7%	81%	18%	67%	32%	27%	53%	16%	3%	96%	3%	6%	17%	24%	35%	14%	59%	18%	13%	87%	43%	57%
Extended warranty	4.1	100%	49%	50%	3%	10%	15%	24%	20%	27%	20%	7%	1%	51%	10%	2%	1%	28%	7%	75%	24%	65%	34%	41%	39%	17%	3%	95%	5%	9%	20%	23%	29%	19%	56%	18%	11%	89%	46%	54%
Home buildings only cover	3.1	100%	53%	46%	2%	12%	19%	19%	18%	30%	18%	12%	3%	52%	12%	1%	0%	27%	7%	70%	29%	58%	40%	42%	47%	5%	4%	88%	12%	11%	19%	17%	31%	13%	59%	18%	9%	91%	44%	56%
Healthcare cash plan (including dental)	2.9	100%	50%	49%	4%	10%	18%	24%	21%	23%	15%	8%	1%	67%	5%	1%	0%	23%	4%	75%	24%	65%	34%	39%	45%	14%	2%	97%	3%	6%	18%	24%	36%	11%	60%	24%	8%	91%	40%	60%
Gadget insurance	1.8	100%	54%	46%	14%	20%	18%	23%	11%	14%	9%	6%	1%	61%	11%	2%	6%	14%	8%	69%	30%	57%	42%	22%	42%	29%	7%	97%	3%	11%	12%	16%	35%	18%	51%	20%	16%	84%	51%	49%
Credit card protection	1.7	100%	58%	41%	5%	9%	12%	17%	16%	41%	25%	17%	2%	45%	11%	1%	0%	38%	4%	74%	25%	62%	36%	51%	28%	18%	3%	94%	6%	8%	19%	23%	27%	12%	60%	21%	9%	91%	47%	53%
GAP (guaranteed asset protection)	1.6	100%	54%	46%	9%	22%	17%	18%	16%	17%	16%	2%	0%	64%	12%	2%	2%	17%	3%	76%	23%	58%	42%	27%	48%	20%	6%	100%	0%	8%	16%	26%	36%	10%	62%	21%	13%	87%	43%	57%
High value items insurance	1.5	100%	54%	45%	5%	12%	13%	25%	15%	30%	22%	8%	2%	49%	16%	1%	1%	26%	6%	83%	16%	71%	28%	43%	42%	13%	1%	95%	4%	6%	11%	18%	49%	13%	50%	29%	9%	91%	46%	54%
ID theft insurance	0.5	100%	66%	31%	5%	15%	13%	24%	16%	27%	20%	7%	0	60%	6%	0	1%	30%	2%	73%	27%	64%	36%	43%	40%	10%	7%	98%	2%	6%	13%	28%	46%	9%	61%	26%	11%	89%	47%	53%
Protection insurance																																								
Any protection	17.9	100%	50%	50%	3%	14%	21%	25%	16%	20%	11%	8%	2%	63%	10%	2%	1%	19%	5%	76%	24%	64%	35%	27%	55%	15%	3%	93%	7%	9%	16%	22%	35%	14%	59%	20%	10%	90%	43%	57%
Life insurance	14.4	100%	50%	49%	2%	16%	24%	28%	16%	14%	9%	6%	1%	68%	11%	2%	1%	14%	5%	80%	20%	68%	31%	23%	61%	14%	2%	95%	5%	7%	15%	22%	39%	13%	59%	21%	11%	89%	41%	59%
Critical illness cover	5.0	100%	51%	48%	3%	22%	32%	31%	10%	2%	2%	0%	0%	83%	11%	1%	1%	2%	3%	81%	18%	66%	34%	11%	78%	9%	2%	100%	0	2%	11%	22%	51%	6%	58%	28%	12%	88%	37%	63%
Personal accident insurance	3.1	100%	59%	40%	5%	12%	19%	21%	20%	24%	17%	6%	1%	62%	11%	1%	1%	20%	5%	74%	26%	63%	36%	34%	44%	18%	4%	96%	4%	7%	18%	23%	34%	11%	59%	23%	10%	90%	42%	58%
Income protection insurance	1.9	100%	59%	41%	7%	18%	32%	31%	12%	1%	1%	0	0	84%	13%	0%	1%	0%	2%	78%	21%	63%	36%	10%	75%	12%	3%	99%	1%	2%	8%	22%	54%	2%	57%	35%	9%	91%	35%	65%
Funeral plan	1.6	100%	44%	56%	1%	2%	3%	8%	17%	69%	32%	38%	9%	17%	5%	1%	0%	67%	9%	49%	50%	44%	55%	55%	11%	31%	3%	70%	30%	33%	22%	13%	5%	31%	56%	5%	8%	92%	68%	32%
MPPI (mortgage payment protection)	1.4	100%	52%	47%	0%	17%	32%	31%	17%	3%	3%	0%	0	87%	7%	2%	0%	2%	2%	80%	19%	67%	31%	2%	95%	2%	1%	98%	2%	2%	16%	29%	41%	6%	65%	21%	16%	84%	47%	53%
Unemployment/ redundancy insurance	1.1	100%	59%	40%	3%	16%	33%	34%	13%	0	0	0	0	90%	7%	1%	0%	1%	2%	78%	21%	64%	35%	8%	79%	11%	2%	99%	1%	3%	13%	22%	48%	4%	64%	28%	11%	89%	38%	62%
PPI (payment protection insurance)	0.3	[100%]	[64%]	[36%]	[9%]	[25%]	[15%]	[21%]	[19%]	[11%]	[4%]	[8%]	0	[65%]	[11%]	[8%]	[0%]	[10%]	[6%]	[74%]	[26%]	[56%]	[44%]	[26%]	[42%]	[31%]	[2%]	[94%]	[6%]	[10%]	[20%]	[21%]	[30%]	[16%]	[54%]	[23%]	[10%]	[90%]	[53%]	[47%]
Long-term care insurance	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Appendix 2 Methodological notes

In this appendix we describe briefly the survey design and the structure of the questionnaire used for the Financial Lives Survey 2017. For further information, please see the Technical Report[82] and the survey questionnaire.[83]

We also describe some important reporting conventions that we have adopted in producing this report.

Finally, we describe in detail how survey questions and answers were used to define potentially vulnerable consumers, and to divide the UK adult population into those who are in difficulty, surviving and financially resilient. For further terms used in the survey, please also see the **Glossary of terms**.

Survey design and structure of the questionnaire

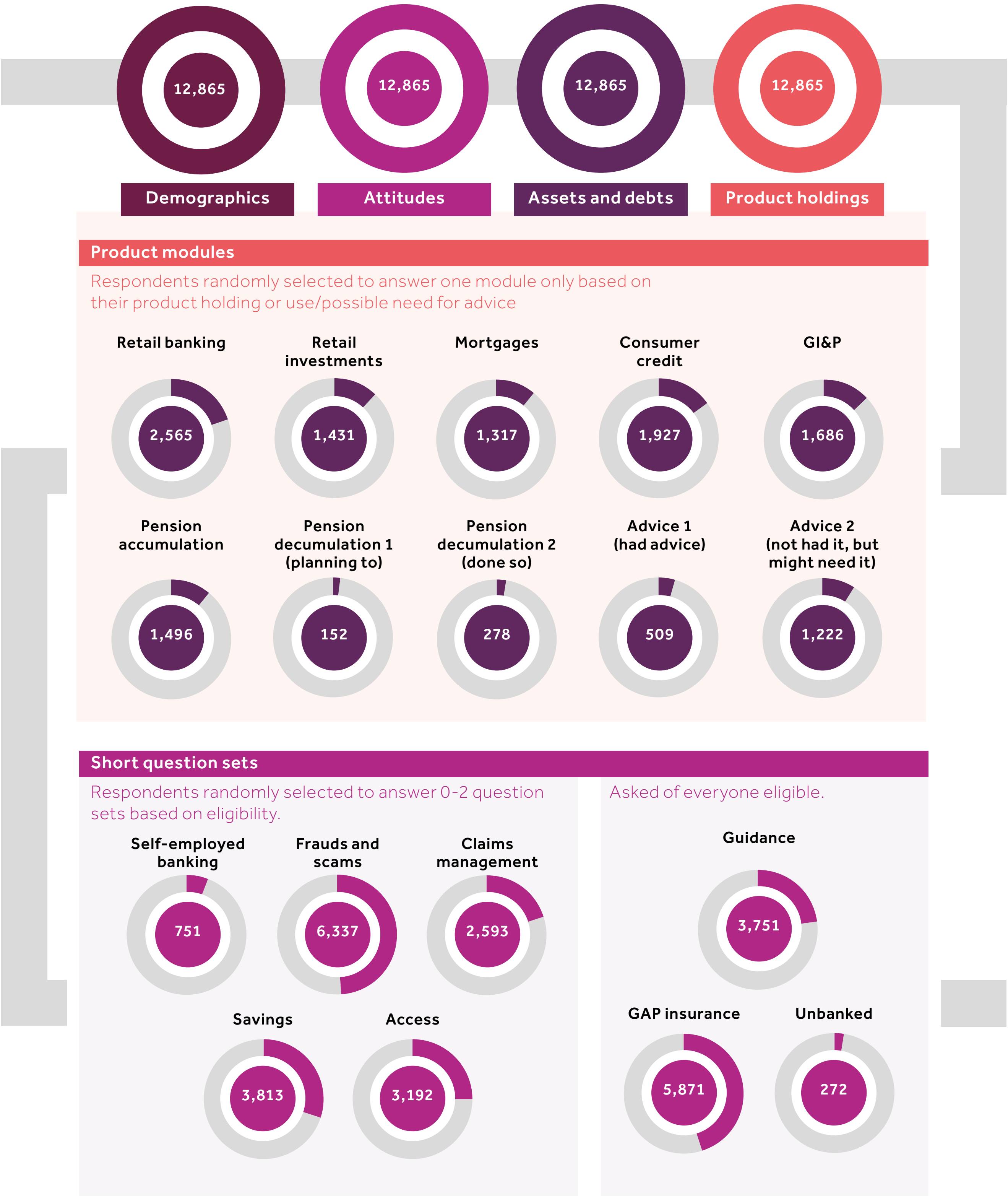
The survey is in three main parts, as clarified in Figure A.1:

- sections asked of all 12,865 respondents, covering demographics, attitudes to finance and financial services, product ownership, and assets and debts
- more detailed questions about experiences by sector, asked of representative random samples of consumers with products in that sector
- shorter question sets asked of all respondents eligible for them, or of random representative samples, to capture experiences of, for example, fraud and scams, or being unbanked

Following the questions asked of all respondents, random selection probability rules, based on product ownership including experience of regulated financial advice, allocate each respondent to a single question set about one product area or about advice from among those question sets, or modules, for which the respondent is eligible.

82 See www.fca.org.uk/publication/research/financial-lives-survey-2017-technical-report.pdf.
83 See www.fca.org.uk/publication/research/financial-lives-survey-2017-questionnaire.pdf.

Figure A.1 Survey structure



Reporting conventions

Table conventions

In tables, the following conventions are used when displaying results:

* Percentages based on 49 or fewer unweighted observations have been removed

[x] Percentages based on 50 to 99 unweighted observations

Rounding

In tables and report text, percentages derived from the survey analysis or associated calculations are usually rounded upwards or downwards to the nearest whole number. Where a percentage, calculated to one decimal place, is x.5% the convention is to round upwards, e.g. 56.5% is shown as 57%. Totals in tables, therefore, may not add to 100%.

When we report means for monetary amounts, such as household income or pension savings, our convention is to report to the nearest £1,000, except for unsecured debt, where we report to the nearest £10.

There are a number of 'box charts' in the report, such as Figures 8.2 and 9.11, where each of 100 squares represents 1% of the UK adult population overall or 1% of the population in a certain age range. In these charts it was not possible for the results, graphically, to add to 99% or 101%, when they do so with rounding. In accompanying text we have always provided the accurate result (to zero decimal places) but in these charts a small number of results may 'look out by one per cent' where a result has been rounded up or down artificially to fit into the 100 square matrix.

Treatment of 'don't know' and 'prefer not to say' responses

Findings are usually rebased to exclude respondents who refuse to answer a question by selecting a 'prefer not to say' code.

We also rebase the results to exclude respondents who say 'don't know', where their 'don't know' response is not a meaningful result. As an example:

- if x% of the UK adult population do not know who their pension provider is, then we would consider this to be a meaningful result and include 'don't know' responses in the data (here, the fact that they do not know who provides their pension is an interesting finding that conveys some meaning)

- if x% of the UK adult population do not know how confident they feel in managing their money, then we would not consider this to be a meaningful result and rebase the results to exclude 'don't know' answers (here, people should be able to say how they feel, even if they have no feeling one way or another)

The base information below the tables in Chapter 9 gives the details on the weighted proportion of respondents that have been excluded because they selected 'don't know' or 'prefer not to say'.

Implication of 'don't know' answers

Collecting and reporting 'don't know' answers has implications for the accuracy of some results. For example, we do not rebase findings to exclude 'don't know' answers, when we report the proportions of UK adults who hold particular products. This means:

- if we report that 35% of UK adults hold one or more protection products, this is likely to be an underestimation, because we cannot know how many of the respondents who answered 'don't know' do have a protection product
- conversely, if we were to report that 65% of UK adults do not hold one or more protection products, this is likely to be an overestimation, because we cannot know how many of the respondents who answered 'don't know' do not have a protection product

The level of under- or over-estimation will be small in this case, given that 'don't know' answers ranged from 2% for types of bank account (at question P_RB2) to 5% for types of investments (at question P_RI2).

The same principle of over- and under-estimation applies to other questions too of course, and we encourage the reader to consult the weighted data tables published with this report.[84]

Statistically significant differences

We have tested all of the survey results to a confidence interval (CI) of 95%. Where we pick out results in the report text, they are **always statistically significant** to a CI of 95%, unless we explicitly say they are not.

For example, if we say that *18-24 year olds are more likely than other age groups to hold a particular financial product*, there is just a 5% chance that this difference could have happened by chance.

Defining potential vulnerability

Vulnerability is not easy to define, even before we consider it in the context of financial services. There will be more than one valid way in which to define it. Vulnerable, literally, from Late Latin vulnerabilis, means susceptible to attack, to receiving a wound (*vulnus*). Importantly, the vulnerable may not have been harmed, but they are, due to their circumstances, more exposed than others to the possibility of harm. **To be cautious, we always refer to potential vulnerability, to emphasise the potential for harm to occur.**

Potential vulnerability, as we define it, takes into account a wide range of characteristics. These include low financial resilience and less ability to engage with the financial services market due to experience of a recent life event, low financial capability or health issues that affect day-to-day activities. Potentially vulnerable consumers may show one, two or more of these characteristics.

84 See www.fca.org.uk/publications/research/understanding-financial-lives-uk-adults#data.

Potentially vulnerable consumers are at an increased risk of harm. When harm occurs, the impact for those showing characteristics of potential vulnerability is likely to be disproportionate.

Our definition of potential vulnerability assumes meeting one or more of a number of characteristics, as ascertained through survey questions, and as set out in Table A.1.

In total, 50% of the UK adult population show characteristics of potential vulnerability, made up of:

- 30% with low financial resilience
- 19% experiencing one or more life events recently
- 17% with low financial capability
- 5% with relevant health issues affecting day-to-day activity

Table A.1 Potential vulnerability algorithm

Question[85]	Characteristic contributing to the definition of potential vulnerability	Population asked the question
Have low financial resilience (if one or more of the following five characteristics apply)		
AT4=1	If main source of household income lost, household could continue to cover living expenses for less than a week, without having to borrow any money or ask for help from friends or family	All adults
K1=3 or K2=1	Over-indebted, i.e. keeping up with bills and credit commitments is a heavy burden, and/or payments for any credit commitments and/or any domestic bills have been missed in any three or more of the last six months	All adults
M104=1 or 2	Mortgage and/or rent payment increases of less than £50 a month would be a struggle to meet	All adults with a mortgage on the property they currently live in, paying rent, or paying pay rent/ part mortgage, or living in sheltered accommodation. Not asked of those owning their home outright or living rent-free, or those not knowing their tenure or occupying the property in some other way
AT10_4=5	Strongly disagree with the statement 'I do not have difficulty paying for day-to-day expenses since I retired'	All adults who are retired
RB17c=1 or 2	Constantly overdrawn, or usually overdrawn by the time of being paid/receiving income	A representative sample of all adults with a day-to-day account who have used an overdraft facility in the last 12 months

85 Please refer to the questionnaire for full question wording and all answer options.

Question	Characteristic contributing to the definition of potential vulnerability	Population asked the question
Experienced one or more life events recently		
D21b = 5-15	One or more of the following events experienced by the adult (or their partner) in the last 12 months: losing job/redundancy; reduction in working hours (against wishes), bankruptcy, relationship breakdown/separation, divorce, serious accident or illness (or of a close family member), death of a parent, partner or child, becoming the main carer for a close family member	All adults
Financial capability is low (if one or more of the following characteristics apply)		
AT1a=0-3	Scores 0 to 3 out of 10, where 0 is 'not at all confident' and 10 is 'completely confident' when asked to rate confidence in managing money	All adults
AT5=0-3	Scores 0 to 3 out of 10, where 0 is 'not at all knowledgeable' and 10 is 'very knowledgeable' when asked to rate knowledge about financial matters	All adults
AT1c_c=5	Strongly disagree with the statement 'When it comes to financial services and products, I would consider myself to be a confident and savvy consumer'	All adults
Health may indicate access or capacity issues		
D35=1 AND D34=1-9	Ability to carry out day-to-day activities is reduced a lot through a condition or illness	All adults with one or more physical or mental health conditions or illnesses lasting or expected to last for 12 months or more that affects one or more of: vision, hearing, mobility, dexterity; stamina, breathing or fatigue; learning, understanding or concentration; memory, mental stamina, or the effect is social or behavioural

Defining those in difficulty, surviving or financially resilient

In reviewing survey findings we were keen to isolate results for those least financially resilient, those adults who recently have already missed paying bills or meeting credit commitments. We refer to this group as being in difficulty.

The UK adult population of those who have not missed paying any bills or making any credit commitments recently is further grouped into those who are surviving (using a definition based on answers to resilience and asset questions) and financially resilient (everyone else).[86] The algorithm used is set out in Table A.2.

86 It is important to note a caveat. The financially resilient group will contain some people who may be surviving but who did not provide full survey responses (in particular on their savings and investments) to allow us to allocate them to surviving. It is also a very broad group, covering those falling just outside of the surviving group to those with very substantial incomes and/or investable assets.

The UK adult population is divided into:

- 8% in difficulty
- 27% surviving
- 65% financially resilient

Table A.2 Financial resilience algorithm

Question[86]	Characteristic contributing to the definitions	Population asked the question
In difficulty		
K2=1	Payments for any credit commitments and/or any domestic bills have been missed in any three or more of the last six months	All adults
Surviving (if one or more of the following four characteristics apply)		
K1=3	Keeping up with bills and credit commitments is a heavy burden	All adults
IA_Band1=1 (£0)	They have no investable assets	All adults
M104=1, 2 or 3 AND IA_Band1≠8 (>£50k)	Mortgage and/or rent payment increases of less than £100 a month would be a struggle to meet AND They do not have investable assets of £50,000 or more	All adults with a mortgage on the property they currently live in, paying rent, or paying pay rent/part mortgage, or living in sheltered accommodation. Not asked of those owning their home outright or living rent-free, or those not knowing their tenure or occupying the property in some other way
AT4=1 or 2 AND IA_Band1≠8 (>£50k)	If main source of household income lost, household could continue to cover living expenses for less than a month, without having to borrow any money or ask for help from friends or family AND They do not have investable assets of £50,000 or more	All adults
Financially resilient		
None	Everyone not in the groups in difficulty or surviving	Not applicable

87 Please refer to the questionnaire for full question wording and all answer options.

Additional base information

Table 9.8 Base information

P_AC8 Please now think about the pension scheme(s) arranged through an employer into which contributions are not currently being made There are two main ways in which your pension entitlement can be worked out in an employer's pension scheme. Base: All UK adults who are contributing to an employerarranged pension, and do not know if it is a DC or DB pension (u-w:4639/w4747)
PD8 Thinking of the ... in the last 2 years. How well did you understand the different options you could choose from in order to take your pension(s)? Base: All UK adults who have accessed a DC pension(s) in the last two years – did not understand access options 'very well' (u-w:275/w202)
PD8 Thinking of the ... in the last 2 years. How well did you understand the different options you could choose from in order to take your pension(s)? Base: All UK adults who have accessed a DC pension(s) in the last two years – did not understand access options at all or even that options exist (u-w:275/w202)
GI40 In your view, do price comparison websites cover all providers? Base: All UK adults who have one or more general insurance and protection (GI&P) products – do not know if price comparison websites cover all providers in the market or think that they do (u-w:1686/w8706)
GI1 (option e) How much do you agree or disagree with the following statements about insurance? No claims protection means my motor insurance premium will not rise as a result of making a claim Base: All UK adults who have motor insurance – do not know what no claims protection means (u-w:1167/w6249)
M105 (option a) How much do you agree or disagree with these statements based on your experience? I feel mortgage products are simple to understand Base: All UK adults who have a residential mortgage – disagree that mortgage products are simple to understand (u-w:1317/w4248)
CC26 (option d) Thinking back to when you took out this [SELECTED PRODUCT], how much do you agree or disagree with each of the following statements? I felt I understood the product well Base: All UK adults who have a credit card (with a revolving balance) – disagree that they understood their product well when taking it out (u-w:364/w1137)
CC10a What is / was the annual percentage rate (APR) of your [selected product]? Base: All UK adults who have a credit card (with a revolving balance) – did not know the APR on their product when taking it out (u-w:364/w1137)
P28 Have you [since / ever] reviewed where your defined contribution pensions(s) are invested? Base: All UK adults who have a DC pension, and have never reviewed where it is invested (u-w:1496/w4752)
P26sum Are you aware of any charges incurred on your defined contribution pension? Base: All UK adults who have a DC pension, and not aware of charges incurred (u-w:1496/w4752)
P7 Have you ever thought about how much you should be paying into your defined contribution pension each year to maintain a reasonable standard of living when you come to retire? Base: All UK adults who have a DC pension, but have never thought about how much they should be saving into it each year to maintain a reasonable standard of living when they come to retire (u-w:1496/w4752)
P8a/bsum1 Do you know how much in total you and/or your employer contribute to your defined contribution pension(s)? Base: All UK adults who have a DC pension, and do not know how much contributing (u-w:1075/w3462)
GI1 (option b) How much do you agree or disagree with the following statements about insurance? When buying insurance, I tend to opt for the cheapest rather than compare what different policies cover Base: All UK adults who have one or more GI&P products – would 'go for the cheapest' rather than compare the cover of different products (u-w:1686/w8706)

M107 How long, approximately, is left on your [residential] mortgage? Please enter to the nearest year. Base: All UK adults who do not know how long they have left to pay on their residential mortgage (u-w:1255/w4116)
M18 What type of interest rate does your [residential] mortgage have? Base: All UK adults who do not know if their residential mortgage is on a fixed or variable rate (u-w:1317/w4248)
M22a Is your mortgage repayment or interest-only? Base: All UK adults who do not know if their residential mortgage is repayment or interestonly (u-w:1255/w4116)
P20a Do you recall receiving an annual statement from your defined contribution pension provider in the last 12 months? Base: All UK adults who have a DC pension, and do not recall receiving an annual statement (u-w:1496/w4752)
P21 And generally, how well do you understand the information in your pension statement(s)? Base: All UK adults who have a DC pension, received and read annual statement, and did not understand it very well or at all (u-w:1496/w4752)
GI1 (option a) How much do you agree or disagree with the following statements about insurance? There is not enough information for me to make decisions on the quality of different insurance policies Base: All UK adults who have one or more GI&P products – do not think they have enough information to decide, on quality, between different policies (u-w:1686/w8706)
GI44 When you [took out / renewed] your [motor insurance], which of the following best describes how you read the policy documentation? Base: All UK adults who have motor insurance (taken out, renewed or switched in the last three years) – do not look at policy documentation at all (u-w:370/w3733)
M77 (option c(3)) Thinking about the mortgage application process, how much do you agree or disagree with these statements based on your recent experience? I felt there was too much information to deal with Base: All UK adults who took out or made a significant change (e.g. internal switch) to their mortgage in last three years: agree that there was too much information to deal with during the mortgage application process (u-w:631/w2016)
M82 Overall, how much would you agree or disagree with the following statement about your [residential] mortgage lender? They provide clear and understandable information Base: All UK adults who have a residential mortgage – disagree that information provided by lenders is clear and understandable (u-w:1255/w4116)
CC25 Thinking back to when you took out this [selected product], which of the following best describes how you read the credit agreement and pre-contract information? Base: All UK adults who have a credit card (with a revolving balance) – looked at their credit agreement and pre contract information briefly when taking out their product (u-w:364/w1137)

Table 9.14 Base information

F13sum1. (Summary of F13 1-4) = Never or only rarely done (one or more) a) Check an internet site is secure before giving your bank or credit card details b) Cover your PIN when withdrawing money from a cashpoint or using your debit or credit cards to pay for goods c) Dispose securely of statements and documents that contain information relating to your financial affairs (e.g. by shredding them) d) Check thoroughly bank and card statements for any unfamiliar transactions (u-w: 1888/w4002)
F12 = 1, 2, or 3 (Shared your current account or credit card PIN or passwords with another person, given your debit or credit card to someone else to use, or provided your current account details through an email or telephone call, following an unsolicited request in the last 12 months) (u-w: 601/1339)
RB84 = 3 (tried to recover but it was not successful) In the last 12 months, have you lost money as a result of the following? (u-w: 11/39)

Table 9.15 Base information

F1A = All UK adults that have experienced any of the following unsolicited approaches in the last 12 months? By an unsolicited approach, we mean a company or person contacting you, without your having contacted them first: (u-w: 1537/w2935)
F2A = All UK adults who took up or responded to any of the offers or requests? (u-w: 73/158)
F2C = 1 All UK adults who, as a result of this approach, paid out any money? (u-w: 13/23)

Table 9.17 Base information

CC54_3 = Disagree: Where you have had contact with your lender(s)/credit provider(s) about your repayment difficulties, overall how much do you agree or disagree with the following statements? I was encouraged to seek free debt advice (u-w: 45/w108)
CC54_1 = Disagree: Where you have had contact with your lender(s)/credit provider(s) about your repayment difficulties, overall how much do you agree or disagree with the following statements? My lender(s)/credit provider(s) were sympathetic to my difficulties (u-w: 41/90)
CC54_2 = Disagree Where you have had contact with your lender(s)/credit provider(s) about your repayment difficulties, overall how much do you agree or disagree with the following statements? My lender(s)/credit provider(s) allowed me time to pay (u-w: 30/65)
CC54Sum Sum of CC54 (Disagree statements): (u-w: 14/27)

Abbreviations

Acc	Accumulation
DB	Defined benefit
DC	Defined contribution
FCA	Financial Conduct Authority
Dec	Decumulation
FAMR	Financial Advice Market Review
GAP	Guaranteed asset protection (insurance)
GB	Great Britain
GI	General insurance
GI&P	General insurance and protection
HP	Hire purchase
IA	Investable assets
LTI	Loan to income
LTV	Loan to value
MPPI	Mortgage payment protection insurance
NS&I	National Savings & Investments
PCP	Personal contract purchase
PMI	Private medical insurance
PNTS	Prefer not to say
PPI	Payment protection insurance
SLC	Student Loans Company

UFPLS	Uncrystallised funds pension lump sum
UK	United Kingdom
u-w	unweighted
w	weighted

Glossary of terms

This glossary is of terms used in the Financial Lives Survey 2017 survey questionnaire or of terms used to report respondent answers.

The survey itself explains many terms to respondents, and these explanations are available in the questionnaire.[88]

Accumulation	The process of building pension savings before retirement. In the Financial Lives Survey, DC pensions that have been partially accessed (for example, via UFPLS) are no longer considered to be in accumulation
Adult	Aged 18 or over
Agree	Those answering 'strongly agree' or 'slightly agree'
Consumer credit	Products include credit cards, overdrafts (i.e. being overdrawn), retail finance, store cards, personal loans, motor finance, catalogue credit, hire purchase/rent-to-own (other than for a motor vehicle), other retail credit, payday loans, short-term instalment loans, credit union loans, home collected loans, pawnbroking, peer-to-peer loans and logbook loans[89]
Decumulation	Accessing a DC pension, by buying an annuity, entering into income drawdown or UFPLS, or taking cash from it
Defined Contribution (DC) pension	When respondents have an employer arranged private pension, the survey prompts them with a description of a defined benefit and defined contribution pension. If they do not recognise these, we assume they have a defined contribution pension.
Day-to-day account	The account people use for day-to-day payments and transactions. For most people this is a current account. For others it can be a savings account (with a bank, building society or NS&I), a credit union savings account, an e-money alternative account or a Post Office card account
Disagree	Those answering 'strongly disagree' or 'slightly disagree'
Financially resilient	Not in difficulty or surviving. See Table A.2

88 See www.fca.org.uk/publication/research/financial-lives-survey-2017-questionnaire.pdf.
89 Products are listed in descending order of incidence among UK adults, as shown in Appendix 1. This applies to all such lists of products in this glossary.

General insurance	Products include motor insurance, home contents & building cover (single or combined), motor breakdown, single-trip travel insurance, multi-trip travel insurance, home emergency/boiler/heating cover, legal expenses/ protection insurance, mobile phone insurance, PMI, pet insurance, extended warranty, healthcare cash plans, gadget insurance, credit card protection, GAP insurance, high value items insurance, and ID theft insurance
High	The description of a number of things when respondents score them 9-10 out of 10: confidence in managing money, knowledge of financial matters, satisfaction with their financial circumstances, trust and satisfaction with providers, and satisfaction with administrative processes
High-cost loan	Having one or more of: hire purchase/rent-to-own (other than for a motor vehicle), payday loans, short-term instalment loans, home collected loans, pawnbroking, and logbook loans This grouping of products is used for reporting purposes. These products were not described to respondents as high-cost loans
Household income	Total annual household income from all sources before tax and other deductions
Indicative, indicatively	Results are based on low sample sizes
Internet user	Uses the internet, even if rarely
In difficulty	Payments for any credit commitments and/or any domestic bills have been missed in any three or more of the last six months. See Table A.2
Investable assets	The combination of savings and investments, but excluding any money held in pensions
Investments	Products include stocks and shares ISAs (or PEPs), shares and equities, investment funds or endowments, insurance bonds, corporate bonds or gilts/government bonds, structured deposits/investments, and crowdfunding/peer-to-peer lending
In work	Employed or self-employed
Low	The description of a number of things when respondents score them 0-6 out of 10: confidence in managing money, knowledge of financial matters, satisfaction with their financial circumstances, trust and satisfaction with providers, and satisfaction with administrative processes

Might need regulated financial advice	Have not had advice in the last 12 months, but have investable assets of £10,000 or more, or have at least £10,000 in a defined contribution (DC) pension and a plan to retire or to access a DC pension in the next two years[90]
Motor finance	Hire purchase (HP) and personal contract purchases (PCPs) with the option to buy the vehicle, or loans to buy outright from a vehicle dealer, vehicle manufacturer or motor finance specialist
Non-internet user	Never uses the internet
Non-FCA regulated credit	Loans from the Student Loan Company, from family and friends, and from unregistered lenders
Non-State pension provision	Another way of describing private pension provision
Over-indebted, over-indebtedness	Terms adopted from the Money Advice Service to describe having one or both of the following characteristics:[91] • keeping up with domestic bills and credit commitments is a heavy burden • payments for any credit commitments and/or any domestic bills have been missed in any three or more of the last six months
Potentially vulnerable	Used as shorthand for 'show characteristics of potential vulnerability'
Potential vulnerability	The concept of showing one or more characteristics of potential vulnerability These characteristics may be related to low financial resilience, a recent experience such as divorce or bereavement, low financial capability, or a health issue that affects day-to-day activities a lot. See Table A.1
Private pension	A DB pension arranged through an employer, or a DC pension arranged by individuals themselves (or an adviser for them) or through an employer
Personal income	Total annual personal income from all sources before tax and other deductions

90 For further information see www.fca.org.uk/publication/research/famr-quantitative-research.pdf, Section 1.2.3.

91 See www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness. The Money Advice Service estimated that 16.1% of the UK adult population was over-indebted, based on research conducted between November 2014 and August 2015. The Financial Lives Survey 2017 provides an estimate of 14.6%, rounded elsewhere in this report to 15%.

Protection	Products that include life insurance, critical illness cover, personal accident insurance, income protection insurance, funeral plans, MPPI, unemployment/ redundancy insurance, PPI and long-term care insurance
Regulated financial advice[92]	Advice that is paid for, or would be paid for if the consumer took out a product, from one of the following advisers: • an adviser from a financial advice firm such as an IFA (Independent Financial Adviser) • an adviser from a bank or building society • an adviser from an insurance company, investment company or pension provider • automated advice available online or as downloadable software. This is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). It does not include simple online tools and calculators In this report, regulated financial advice is always restricted to advice related to investments, saving into a pension or retirement planning.
Residential mortgage	First charge mortgage on the property in which the individual lives currently
Retail finance	Retail finance includes catalogue credit, store cards and other retail credit This grouping of products is used for reporting purposes. These products were not described to respondents as retail finance
Revolver, revolving	Balances on credit cards, store cards and/or catalogue credit accounts are not paid off in full every month or most months
Running-account credit	Credit cards, store cards and catalogue credit
Savings	Total amount of money held in a savings account of any kind, and any money in a current account, alternative e-money account or a Post Office card account that is considered to be savings

92 For further information see www.fca.org.uk/publication/research/famr-quantitative-research.pdf, Section 1.2.3.

Savings account of any kind	Savings account (with a bank, building society or NS&I), an NS&I bond, a credit union saving account or a cash ISA
Student Loans Company loan	Excludes any loan taken out as a student not from this company
Surviving	Not in difficulty but not financially resilient. See Table A.2 Those defined as surviving have one or more of the following characteristics: • they find keeping up with bills and credit commitments is a heavy burden • they have no investable assets • mortgage and/or rent payment increases of less than £100 a month would be a struggle to meet, *and* they do not have investable assets of £50,000 or more • if their main source of household income were lost, their household could continue to cover living expenses for less than a month, without having to borrow any money or ask for help from friends or family, *and* they do not have investable assets of £50,000 or more
Transactor	Balances on credit cards, store cards and/or catalogue credit accounts are paid off in full every month or most months
Unauthorised overdraft	Exceed agreed overdraft limit or use an overdraft without agreeing any limit
Unbanked	Have no current account or alternative e-money account
Unbanked plus	Have no current account or alternative e-money account, nor have any day-to-day account
Unsecured debt	Debt that is not secured on a property

The team

Tim Burrell, an FCA *Senior Associate* in the Consumer Insight department, has worked on a wide range of financial services market research projects since joining the FSA in 2008. He has specialised in investments and retail banking research. Prior to joining the FSA he worked at the Office for National Statistics on large-scale government surveys.

James Hopkins, *Research Director at Critical Research*, has over 20 years' experience working agency side in the financial research sector. He has been working with the FCA for nearly 10 years. In recent years he has specialised in the insurance, pensions and consumer credit sectors. He has presented at research conferences with the FCA and at the House of Commons with the Money Advice Service.

Dr Claire Older, an *FCA Senior Associate* in the Consumer Insight department, is a qualitative research specialist, who works across all retail sectors, although she has specialised in financial capability, pensions and general insurance market research. Claire has also worked as a researcher at the Money Advice Service and previous to this she focused on academic research in the field of health psychology.

Edward Ripley, *Ignition House Research Director*, has over 15 years' experience working in the market research and advisory industry, previously as Director for Corporate Strategy and New Business Development at the Corporate Executive Board and as Lead Analyst for the Retail Banking team at Datamonitor.

Dr Margaret Watmough: An FCA *Technical Specialist* since 2008, Margaret is a market research manager in the Consumer Insight department. She was previously a research agency director, and has also worked in academia, including a year as a Junior Research Fellow at the Institute of Classical Studies. She has nearly 20 years' experience in market research. Since 2005 she has specialised in public policy research, mainly in pensions, advice, consumer credit and other retail financial sectors.

Janette Weir, *Ignition House Managing Director*, has more than 25 years' experience in the pensions sector and brings a broad range of research and consultancy skills and experience from her previous roles as Chief Economist of the ABI, Economist at the DWP, and Head of UK Financial Services Research at McKinsey and Company. Janette is an expert on pensions and retirement saving. Her work spans behavioural research into retirement journeys through to more technical research into Third Way products.

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This report provides findings from the FCA's Financial Lives Survey 2017, which was designed and conducted by Kantar Public, with data tables subsequently produced by Critical Research, and analysis and reporting by FCA authors and Ignition House. Ipsos Mori conducted a small number of follow-up qualitative interviews with survey participants, which have provided the pen portraits in the age chapters .

The Financial Lives Survey project has been managed at the FCA by Tim Burrell, Claire Older and Margaret Watmough.

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The lead authors of this report are Claire Older, Edward Ripley, Margaret Watmough and Janette Weir, supported by other members of the team.

James Hopkins is responsible for the weighted data tables. He has authored the accompanying Weighted Data Tables User Guide, together with Tim Burrell and Margaret Watmough.

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Research independence

The Financial Lives Survey 2017 report and its associated publications have been produced with considerable input from the FCA.

The findings in this report are, however, independent. They are based on a survey design by Kantar Public and weighted data tables produced by Critical Research. Ignition House, working with Critical Research, has sought to verify the accuracy of all the findings in this report, by checking them against questionnaire wordings and the weighted data tables.

The separate Financial Lives Survey Technical Report has been authored by Kantar Public, with support from Derek Farr, James Hopkins and Margaret Watmough. It has been signed off as accurate by Kantar's senior team: Catherine Grant (Research Director) and Joel Williams (Head of Methods).

Derek Farr, Critical Research's consultant statistician, has reviewed the statistical aspects of the Technical Report. He has checked Kantar's approach to sampling and the module and filtered question set allocation rules they have employed, and he has verified their weighting regime and weights.

On a survey of this size, in its first wave, it is not unlikely that some mistakes will have occurred, and indeed the Technical Report recognises a small number of minor errors. Similarly, we cannot be entirely confident that no errors are contained in the weighted data tables or in the selection of survey statistics from these.

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25 The North Colonnade Canary Wharf London E14 5HS
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk