




# Understanding the impact of Covid-19 on Fair Finance customers

A user insights project produced by Shift for Fair Finance



**Shift**

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# About this research

Fair Finance is a social business that offers lending and advice services to people who may struggle to access mainstream credit. Its core mission is to design and deliver financial services that improve financial wellbeing. Key to Fair Finance's ability to deliver on this mission and to offer effective services is a deep understanding of the needs and wants of its customers.

Traditionally, much of this understanding has come through the face-to-face conversations that staff are able to have with people when they visit Fair Finance's stores. When Covid-19 hit, however, Fair Finance had to close its stores and move all of its services online or to telephone services. This meant that - at a crucial time, when Covid-19 was beginning to impact the lives and finances of customers in a variety of different ways - Fair Finance lost informal but vital channels for interacting with its customers and generating insight into the kinds of support that they might benefit from.

In May 2020, Fair Finance therefore commissioned Shift to conduct a piece of in-depth user research that would generate insights into the ways in which people's lives and finances have been - or are likely to be - impacted by Covid-19. This research may also hold wider relevance for other advice, debt and financial support services, as well as policymakers, currently grappling with how to support people to manage their finances in the face of unprecedented recession and job losses - particularly as furlough schemes and loan and rent holidays are coming to an end.

## Key aims and objectives:

- To generate a **deep understanding** of the lives, backgrounds and aspirations of a small but carefully selected group of Fair Finance customers;
- To generate insight into the ways in which Fair Finance customers have been **impacted by Covid-19**, and are likely to be further impacted in the coming months. This included seeking to understand customers' financial situations and behaviours, and the tools, resources and habits that characterise their approach to financial management;
- To understand the **kinds of support** that customers both value and need from Fair Finance, or other financial support services, particularly in the context of Covid-19;
- To understand the kinds of **challenges and barriers** that might prevent Fair Finance customers from accessing the right help, advice and support when they need it.

In-depth user research was conducted with nine Fair Finance customers who were carefully selected to reflect the diversity of Fair Finance's customer base. The recruitment for this work was carried out by Fair Finance staff. Further detail is provided in the Methodology.

## How this report is structured:

### Methodology

This section sets out the research methods that were used as part of this work;

### Chapter 1: Fair Finance customers and Covid-19: A Snapshot View

This section provides a top-line view of the kinds of economic, structural, behavioural and attitudinal factors that stand to make Fair Finance customers particularly vulnerable to the impact of Covid-19, while also briefly setting out the characteristics of the three groups that were identified as part of this research, organised according to the different ways in which they have been impacted by Covid-19; the characteristics of these three groups are further explored in chapters 2 to 4;



### Chapter 2: Stretched but Stable (for now)

This chapter takes a close look at the first of the three distinct groups identified as part of the research - those whose finances have not been directly impacted by the pandemic, but who are nonetheless very financially stretched.



### Chapter 3: Squeezed and Struggling More

This chapter looks at the group of research participants whose lives and finances have been adversely impacted by Covid-19, exploring the diverse ways in which they've been impacted and what the key support needs of this group are.



### Chapter 4: Accidental Savers

This chapter explores the experiences of Fair Finance customers who have found themselves with 'money to spare' for the first time in their lives as a result of reduced spending during the pandemic.

### Chapter 5: In conclusion part I: A Picture of Precarity

In the first of two concluding chapters, we offer a set of cross-cutting insights that highlight the considerations that financial support services like Fair Finance might take into account as they seek to optimise their support for people during the pandemic.

### Chapter 6: In conclusion part II: In Light of the Pandemic: Common challenges reframed

This chapter identifies new perspectives on challenges that are often felt to face those who are financially vulnerable, using new narratives and reflections that seem to be emerging out of the pandemic to reframe some of these challenges and identify opportunities inherent within them.

# Methodology

Shift conducted 1.5-2-hour depth interviews with nine Fair Finance customers. Due to Covid-19 restrictions preventing face-to-face conversations, these interviews were conducted remotely (two over Zoom and seven over the telephone), according to participant preferences. A semi-structured discussion guide was developed to structure the interviews. All research participants gave their full informed consent to be part of the research and received reimbursements in line with industry standards as a thank you for their time and input. Names have been changed throughout the report and research outputs to protect participants' privacy.

## Segmenting Fair Finance's customers

Shift developed the research methodology for this project after close consultation with staff at Fair Finance. Through these conversations it became clear that, given the small number of people being interviewed as part of this work, careful segmentation would be important in order to ensure that we spoke to a representative sample of Fair Finance customers. As a result, three key categories were developed that reflect different income and employment statuses of customers; these were:

**Category A: Unemployed** - many of Fair Finance's unemployed customers are reliant on benefits; a large number are single mothers while others may be sick or disabled and in receipt of sickness and disability benefits;

**Category B: Low income employed** - this category of customers is highly likely to be in insecure, temporary, part-time and/ or zero hours contract work. They may also be partially reliant on benefits;

**Category C: Moderate income employed** - for the purposes of this research, a 'moderate' income was defined as £1500 per month or above after tax<sup>1</sup>. Many customers falling into this category tend to be European migrants (particularly those from Poland and Romania) who often earn money through self-employment (e.g. through Uber driving or construction work) and send money home to dependents and families in their home countries.

In addition to ensuring a representative spread of customers across these three categories, it was also felt to be important to capture diversity across other criteria, including:

- Housing type (private rental/ council housing/ housing association)
- Number of dependents
- Type and number of Fair Finance loans borrowed
- Status of loan arrangement, including requests for payment relief or loan reductions during the pandemic.

The details of the nine research participants that we spoke to are set out in the Appendix.

<sup>1</sup> This figure has been chosen to distinguish this group from the lower earning group of Fair Finance customers. It is worth noting however that £1500 per month after tax is significantly lower than the median national average for workers in the UK. In 2019, ONS data showed that the average annual income for UK workers was £29,009, including both full-time and part-time work. This means that the average UK worker takes home approximately £1900 per month after tax.

**01**

# **Fair Finance customers and Covid-19:**

**A snapshot view**

Covid-19 has affected people across the UK and the world in a myriad of ways. The uneven and discriminatory impacts of the pandemic are well-documented: people who work in front-line roles and services are more exposed than those able to work from home; BAME groups are more at risk of serious health impacts than other ethnic groups - to name only a few examples.

As the unprecedented UK recession takes hold, it is anticipated that particular geographies and sectors will be harder hit than others: jobs in the north of England are expected to fare worse than those in the south, while sectors such as catering, hospitality, non-food retail, leisure and arts services and tourism are thought to be highly exposed to job losses.

### Characteristics of Fair Finance customers

Fair Finance customers share a set of characteristics that make them especially vulnerable to the various economic and health impacts of the pandemic. These characteristics are already known to Fair Finance - an organisation that has long worked hard to build a deep understanding of its customer base - but before delving in further detail into the diverse accounts and experiences of the customers we talked to as part of this research, it is worth reiterating some of these characteristics:



A large proportion of Fair Finance customers are in **insecure and/or low-paid work**. High numbers are either self-employed, on zero hours and temporary contracts, or working on a part-time basis. Of the seven research participants that we spoke to that were in employment, only one was on a permanent contract.



Many Fair Finance customers work in **front-line roles that cannot be done remotely**. The jobs of the research participants that we spoke to included cleaner in a hospital, cleaner for private clients, NHS support worker, caterer and care worker in a nursing home. Only one of the research participants that we spoke to did work that can be done remotely. While some of the research participants lost work or were put on furlough, the majority of those we spoke to continued to go out to work as usual, even during lockdown.



Economic precarity and social isolation makes Fair Finance customers **more predisposed and exposed to the mental and physical health impacts of Covid-19**.

Fair Finance customers are often in poor health, with many customers in receipt of disability and sickness and others that suffer from anxiety and depression relating to social isolation, financial issues and economic precarity.

To add to this, they work in roles that cannot be done from home, which makes them more vulnerable to contracting Covid-19. During the research we heard from Mary, a 65-year old woman from Ghana, who has continued to work throughout the pandemic in a care home that was heavily hit by Covid-19; while Mary has so far been lucky enough not to contract the virus, she takes a risk every day by going out to work. David, a support worker for the NHS, also spoke of his anxieties about the health implications of the virus, and his dismay at seeing others not taking it seriously.

**"I hear things from the doctors and nurses I work with, saying things like 'yesterday I lost two of my patients' [...] so I understand how bad Covid is. It's not a joke! Most people, maybe they read the newspapers, and Covid is still an abstract thing for them. But for me it's real. It makes me scared for what might be coming in the future, it makes me want to be safe. But I have to go to work."**

David, 46, NHS support worker



Few Fair Finance customers have significant **savings**. Only two of the research participants (Miguel and Selim) spoke of having any savings to fall back on at the beginning of lockdown; the rest reported not having any savings at all at the outset of the pandemic.



Fair Finance customers often have **high levels of unsecured debt** on top of their Fair Finance loans, making them more vulnerable to financial shocks. A third of the research participants that we spoke to were managing high unsecured debts before the pandemic started, including one couple - Ana Maria and her husband - who pay around £1000 in debt repayments per month.



Many Fair Finance customers are single parents or have other dependents, and may be unemployed or working in low-income jobs that they need to juggle alongside **childcare and other caring responsibilities**. This can increase the financial challenges that they face, particularly in the light of school and nursery closures. Three of the research participants that we spoke to are single parents.



Fair Finance customers **may not seek help and advice when they need it**. This is in part because many of Fair Finance's customers are migrants, and may be less familiar with the kind of support that is available in the UK, or struggle to access and navigate services due to language and cultural barriers. There may in addition be other attitudinal and behavioural barriers at play, such as feelings of pride, shame or stigma, or strong values of self-reliance, that prevent people from asking for help. While we did not interview anyone as part of this research who did not speak a conversational level of English, we have sought in this report to set out other factors and barriers that may be preventing people from seeking support around their finances.



Fair Finance customers rely heavily on a **fragile network of support** from family and friends. While they experience high levels of social isolation, it is also the case that many customers are dependent on informal support from family and friends, particularly for childcare or ad hoc modes of financial assistance. This infrastructure of support is, however, fragile and stands to be impacted during times like the pandemic - when family members may have to shield or themselves suffer from the financial and health impacts of the virus. For example, 19-year-old Harriet, a single Mum who lives in the north of England, lost the extra income that she was getting through child maintenance payments from her daughter's father because he lost his earnings as a merchandiser in the hotel industry. The removal of these informal forms of support has the potential to have a kind of domino effect on Fair Finance customers.




**"My daughter's Dad works in the hotel industry, and his work was affected by Covid - so he couldn't give me the financial help for my daughter any more. I panicked for a while."**

*Harriet, 19, single Mum of daughter*

## The diverse impacts of Covid-19: Three groups

While Fair Finance customers share many of the above characteristics, the research revealed a wide range of experiences of and responses to Covid-19 across the nine research participants that we spoke to. As the research progressed, a pattern began to emerge suggesting that these differences in experience were strongly influenced by the different employment and income categories that people belong to. Those in categories A and B - unemployed and low-income employed - were, while financially stretched - less likely to have been financially affected by the pandemic: they have been placed in the **Stretched but Stable (for now)** group. The heaviest impacts were felt by those who were in employment, particularly those in category C (those who are on moderate incomes) - they fall into the **Squeezed and Struggling More** group. On the other hand, two members of Category C had found themselves financially better off as a result of lifestyle changes during the pandemic: they have been labelled the **Accidental Savers**.

In the three chapters that follow, we discuss the characteristics of these groups, the kinds of risks facing them, what their support needs are and the key barriers that stand in the way of these groups asking for help and advice and building their longer-term financial resilience. The full stories of the research participants can also be viewed in the Appendix.

CATEGORY A Unemployed	CATEGORY B Low income employed	CATEGORY C Moderate income employed (> £1500 pcm)
 <b>GROUP 1</b> <b>Stretched but stable (for now)</b>		
	 <b>GROUP 2</b> <b>Squeezed and struggling more</b>	
		 <b>GROUP 3</b> <b>Accidental savers</b>



# 02

## **Stretched but stable (for now)**

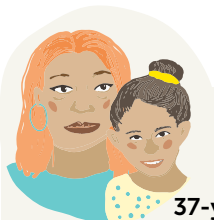
Used to living with financial vulnerability and largely dependent on benefits, those in the Stretched but Stable (for now) group have not seen significant changes to their finances as a result of Covid-19. However, they are often surviving on very limited means, and the recession poses a threat to their aspirations of finding secure, well-paid work and building a better life.



## Stories

**"The pandemic hasn't really affected me [...] but I am putting all my hopes in finding a job, so I hope this recession isn't going to stop me from doing that."**

Andreea, 37



### Andreea

**37-year-old Andreea is a single Mum with a 6-year-old daughter. She is desperate to find a job so that she can get herself off benefits and out of debt, and worries that the recession will make it difficult for her to do so. She has about £1500 in credit card and overdraft debt.**

Andreea is originally from Romania and arrived in the UK in 2005, whereupon she began a degree at London South Bank University. After dropping out of university before completing her degree, Andreea worked as an accounts assistant for 5 years before giving up work after her daughter was born. She lives in a private rental flat in south London with her daughter. For 5 years she was living on Income Support and then in 2019, when her daughter turned 5, she was moved over to Universal Credit. After rent and bills are accounted for, Andreea has about £450 for remaining expenses per month. She has paid off her Fair Finance loans but is in her overdraft and has over £1000 of credit card debt. She is currently studying and hoping to return to working in accounts or bookkeeping.



### Effia

**44-year-old Effia is a single Mum with three children aged 10, 13 and 14. She works part-time in a hospital and relies on her sister to help to look after her children. Life was particularly tough for Effia and her children during lockdown.**

Effia lives in a council property in north London. She is originally from Ghana, having arrived from the UK in 2005. She works for 4 hours per day as a cleaner in a local hospital, doing morning, afternoon or evening shifts - whatever's needed. Her sister - who lives locally - helps to look after the children when she goes to work. Effia is currently paying off a Fair Finance loan that she took out to pay for household items in 2019, but apart from that does not have any debt. Her monthly income consists of her earnings and child benefits, which together come to about £850 per month. After rent and bills are accounted for, Effia has less than £300 per month to support her family of four.



### Selim

**64-year old Selim is currently recovering from bladder cancer, and is grateful that he was able to have his operation just before the pandemic started, in January 2020. He has been told by friends that might be able to get sickness and disability benefits, but is reluctant to investigate his eligibility.**

Selim is a single man who lives in a one-bedroom private rental property in north London. His parents were Turkish-Cypriot immigrants who came to London in the 1950s; Selim was one of 9 siblings. Selim left school at 17 and worked in a range of jobs, helping his friend to run a car dealership throughout the 1980s and then running a business with his friend in the 1990s that sent British tourists to beautiful parts of northern Cyprus. At points during his career Selim made a lot of money and had savings in ISAs, but lost a lot of money on a property scam in Cyprus. For the past 12 years he has been living on Job Seeker's Allowance, while the rent on his flat is covered by housing benefits. His JSA comes to about £300 per month. He is a repeat Fair Finance customer, having applied twice for small loans just to have 'money in his pocket.'

## Common characteristics



### Low income

From Fair Finance's customer base, those in the Stretched but Stable (for now) group mostly belong to category A (unemployed) and category B (low-income employed). They have very limited disposable incomes - after rent is accounted for, their disposable monthly budgets range between approximately £300 (Selim and Effia) and £450 (Andreea).

### Thrifty

They are well-adapted to living on very low benefits and incomes and are practiced at making tight budgets stretch: Selim and Andreea have been surviving on benefits for several years, while Effia - who works part-time as a cleaner for a local hospital - has seen no change in her monthly earnings since the pandemic started, and has learnt how to support herself and her three children on a budget of just £850 per month, inclusive of rent and bills - well below the UK poverty line. All three have developed a number of careful strategies and workarounds for being able to afford basic necessities. Andreea always travels by bus to keep costs low, never by train or tube; Selim has invested in a freezer so that he can stock up on bargains and special offers and thereby minimise his food bill; Effia always buys her food from the cheap local market. Travel and food are the two key areas where this group makes cutbacks if necessary.

## Impacts of Covid-19



### Continued social isolation and juggling childcare with work

The members of this group are the most socially isolated out of all three of the groups, and already have fairly restricted routines due to being out of work, having a small social network and/ or having very little disposable income - as a result, the pandemic and associated lockdown did not have a significant impact on them. The exception was Effia, who works part-time and had to continue to juggle this job with the care of her three children while they were unable to go to school. Without the flexibility of being able to work from home, life was very stressful for Effia and her children during lockdown.

## Key risks



### Vulnerable to financial shocks

This group tends to have no or limited financial safety nets, and can be heavily impacted by unexpected expenses. This was starkly highlighted in Andreea's case, whose years of meticulous budgeting while supporting herself and her baby daughter on Income Support had been undermined when the Department for Work and Pensions moved her onto Universal Credit, and there was a 5-week delay in the benefits she was receiving as she was assessed for and awaited her first Universal Credit payment. After five years of living on a shoestring budget, Andreea had no savings to use through this five-week period, and was forced to pay rent and other expenses using a credit card that she had applied for "just in case", and her overdraft. As a result she quickly accumulated over £1500 of debt, and is now paying almost £100 in overdraft fees and minimum credit card interest payments - these payments represent almost 25% of her available monthly budget, after rent and bills are accounted for. Even small increases in grocery or energy bills can have a significant impact on this group, pushing them into crisis and impacting on their ability to afford essentials such as food.

### The challenges of childcare

The removal of support from family or friends, as well as school and nursery closures, can affect this group's ability to work and study. Andreea is particularly grateful for the financial assistance for childcare that she gets from the government through the Universal Credit system, which has enabled her to study for her AAT exams, while Effia is reliant on help that she gets from her sister who lives locally and is able to help her to look after her three children. Despite this help, however, Effia reported having been late for work several times during lockdown due to childcare responsibilities, and lost out on income as a result. Having access to childcare is extremely important for this group to help them to stay in work, pursue further qualifications, and maintain their precarious income levels.

## The recession as a barrier to a better life

The recession represents a threat to this group, who risk losing their jobs or struggling to find hoped-for work. Even for those, like Effia, whose work has so far been unaffected, the recession is highly likely to threaten the kinds of insecure and precarious work that many who belong to the Stretched but Stable group rely on. In the event that Effia lost her job, she would have no savings to fall back on; she is also not confident with navigating services online, so she could struggle to know what help is available to her. This is the case for Mary, a care worker in a nursing home, who falls into the Squeezed and Struggling More group discussed on p. 15; like Effia, Mary works in an insecure, part-time, zero hours contract job and had her hours in a care home reduced by more than 50% during lockdown, resulting in a more than 50% reduction in income. This reduction in hours tipped Mary into a very difficult financial situation and saw her struggling to make ends meet and pay for basic amenities.

For those who, like Andreea, are out of work and desperate to find employment in order to build a better life for themselves and their children, the recession represents a threat to their aspirations. Now that her daughter is 5 and requires less care, Andreea sees a window of opportunity for being able to go back to work, and has been studying at the local college in hopes of being able to find a job as an accounts assistant. In recent months she has started applying for jobs, and is worried about what the recession will mean for her chances of being successful in her job search.

**“Don’t get me wrong, I wouldn’t turn extra benefits away if they were offered to me, but I’m not going to go begging for them. I had a friend who recently applied for disability benefits and they really put him through the wringer.”**

Selim, 64

## Support needs



### Help to be aware of, navigate and access benefits.

This group is often reliant on government support, as well as being vulnerable to benefits sanctions and the vagaries of government policy. They may be unaware of and unprepared for upcoming changes to their benefits support (as was the case for Andreea, who was not prepared for being moved from Income Support to Universal Credit and the 5-week delay that this would entail), or have low awareness of the kind of Covid-specific support that might be available to them from government, charity or community sources in the event of job loss or income reduction. During the research we found little evidence of people being aware of forms of advice and support that they might be able to tap into.

**Advice around finding employment and debt management** would be beneficial to many in the Stretched but Stable group, such as Andreea.

## Barriers to asking for help and advice



### Saving money is seen as impossible or not worth it.

The rewards don’t justify the sacrifices. This group is so stretched that the attempt to save money under their current circumstances is seen as futile or not worth it. Since their lives involve daily sacrifices to help them to make ends meet, any surplus money tends to get put towards making life more comfortable or improvements to the home. Commenting on an extra £100 that Andreea received through Universal Credit as a result of government policy during Covid-19, she reported: “it hasn’t made any difference to me - I’ve just spent it on the usual things.”

**Pride, shame and fear of being unable to navigate the benefits systems prevents people from applying for help they need.**

Selim for example, who is currently in recovery from bladder cancer, has been told by friends that he may be eligible for sickness and disability benefits, but expressed reluctance to directly ask for them; he had heard from friends that the process can be difficult and shaming, and this had put him off proactively investigating his eligibility.

# Squeezed and Struggling More

In low paid, insecure work, those in the Squeezed and Struggling More group have been hit hard by Covid-19. Reduced hours and lost jobs have caused this group to fall further into debt and - in some cases - forced them to apply for benefits support for the first time.



## Stories



### Ana-Maria

Ana-Maria and her husband, both self-employed, experienced an income loss of more than 75% when lockdown started. Their situation has stabilised since they began receiving Universal Credit, but they still face a significant income shortfall and have high unsecured debts.

Ana-Maria lives with her husband and two daughters, aged 21 and 11, in a private rental house in east London. Originally from Romania, Ana-Maria came with her husband to London in 2005. Her husband has been working as an Uber driver and Ana-Maria had two jobs working as a cleaner and receptionist; both are self-employed. As soon as the pandemic hit, Ana-Maria's husband lost most of his Uber income and Ana-Maria had her cleaning jobs cancelled. In the space of a few weeks, their monthly household income plummeted from around £4500 per month to less than £1000.

The couple have high unsecured debts due to health issues that Ana-Maria's husband has had in the past: payments towards these debts (including £6500 on two credit cards and a bank loan of £18,000) total more than £1000 per month. The couple applied for Universal Credit and were not happy with how difficult this process was, yet were pleasantly surprised when they discovered how much they would receive: £1800 per month. Nevertheless, even with Universal Credit, they are now facing a monthly income shortfall of about £1000 per month as rent and repayment holidays start to end. Ana Maria is wondering whether her husband should try to find a different, more reliable job.



### Harriet

19-year-old Harriet is a single Mum. She experienced an income loss of approximately 35% when lockdown first started, as the earnings from her part-time job, along with financial assistance that she was receiving from her daughter's father, dried up.

Harriet lives with her one-year-old daughter in a council house in the north of England. Harriet gets Universal Credit and also supplements this with income through a part-time job that she does from home, selling beauty products for companies like Avon and The Body Shop for a small commission. When the pandemic started, Harriet found that there was no longer a demand for her products, and quickly lost this additional income stream, along with child maintenance payments that she was receiving from her daughter's father, whose job and income were also affected by the pandemic. Harriet panicked and contacted her bank to cancel the direct debit for her Fair Finance loan repayments.

After being contacted by Fair Finance, she has now resumed repayments at a higher rate. Business has also slowly returned to normal: in June 2020, Harriet made her highest earnings so far through her part-time job. She is planning however to quit this job, as it is too unstable and complicated to manage it alongside the Universal Credit system.



### Mary

**65-year-old Mary works in a care home that was hard hit by the pandemic. Most of her clients died and Mary's hours were cut in half, meaning that her earnings dropped from around £1000 per month to around £500. She is now struggling to afford food.**

Originally from Ghana, Mary lives in a north London flat that is owned and managed by a housing association called Look Ahead: her rent is only £126.50 per month. She works as a care assistant in a local nursing home on a zero hours contract basis, and is paid less than the London Living Wage. When the pandemic started, many of Mary's clients died from Covid-19 and Mary's hours were reduced from around 30 hours per week to around 15. Mary has been struggling to afford basic amenities and phoned up Fair Finance to request a reduction in her loan repayments. She took out a £1000 loan in 2019 to give her niece a wedding gift, but is now feeling very 'squeezed' by the loan due to the reductions in her earnings. Mary is hoping that she will get some more clients soon, as she feels she is 'too old' to find a new job.



### Miguel

**55-year old Miguel and his partner have both lost their jobs as a result of the pandemic. They have been told that they are eligible for a combined Universal Credit payment of around £850 - far below the earnings of around £3000 per month that they have been accustomed to.**

Miguel is half Portuguese and half Angolan and came to London in 1997. He raised his two daughters as a single parent in the flat he still lives in: a 2-bedroom council property near Stratford. His two daughters are now grown up and live elsewhere with their own families. For the past year, Miguel has been working in catering, helping to organise and run events across London. When the pandemic hit, he lost all of his work, as did his partner, who works as a chef. The couple were both put on furlough and have been surviving on the money from that, although Miguel was only receiving £400 per month (much lower than his usual income of between £1600-£2200 per month) and is not sure why it was so low: as a result, the couple began to use up their savings.

As of July 2020, both Miguel and his partner have been made redundant and come off the furlough scheme. Miguel applied for Universal Credit, but because at that time they took his partner's income (who was still on furlough) into account, he was told he was only eligible for £29 per month. The couple will now have to reapply; in the meantime they are already in rent arrears. Miguel has a £1000 loan with Fair Finance that he took out for a holiday and is now paying reduced loan repayments by arrangement.

**"The lockdown was horrible, like being in prison. We've always had enough money to go on holidays, buy our grandchildren presents, buy good food [...] Now it's all gone."**

*Miguel, 55*

## Common characteristics



### Low or moderate incomes

From Fair Finance's customer base, the Squeezed and Struggling More group mostly belong to category B - low-income employed (Harriet and Mary), and category C - moderate income employed (Miguel and Ana-Maria). Their pre-Covid incomes vary widely, from Harriet's income of between £600 and £1100, to about £4500 (Ana-Maria and her husband). All research participants in this group felt the impacts of Covid-19 as a result of changes in their employment situations. These changes included reductions in the demand for their services and products in cases where they were self-employed (Ana Maria and her husband; Harriet), job loss (Miguel and his partner) and reductions in their hours where they were on zero-hours contracts (Mary). Harriet was also impacted by the fact that her daughter's father was financially impacted by Covid-19, and therefore stopped paying child maintenance.

## Impacts of Covid-19



### Income and job loss, depleted savings and inability to pay for basic essentials, rent and unsecured debts, with more complex situations faced by the moderate earners

Both the low-income and moderate-income employed groups have suffered serious financial implications as a result of Covid-19, including the inability to afford food and other basic essentials.

**"There is very little food in the house - a loaf of bread, some tea. I try to shop in the cheap Iceland on the corner of my street, and I get food parcels from my church [...] but sometimes I am going hungry."**

Mary, 65

The research suggested however that the moderate-income employed group (category C) is more likely to be dealing with more complex financial situations than those accustomed to lower incomes. Harriet and Mary have some protective factors in place: Harriet for example has the advantage of already being on Universal Credit, which provides a minimal safety net, while Mary lives in a housing association property with very low rent - only £126.50 per month. They also had relatively low pre-existing debts due to limited disposable incomes. Conversely, the moderate earners like Ana Maria and her husband have much higher outgoings through living in private accommodation with a higher rent (£1200, rising to £1400 after their rent holiday ended), higher living expenses and higher unsecured debts: they pay £1000 per month just on interest and minimum payments on credit card, overdrafts and bank loans. Once payment holidays come to an end, the income that they get through work and Universal Credit is unlikely to cover these outgoings.

**"We're not extravagant people, but we've always liked to have enough money to have friends around for a barbecue and to go to Romania for a holiday every year - you know, just normal stuff, normal life [...] Now all of a sudden we find ourselves unable to afford those things."**

Ana Maria, 42

### Physical and mental health impacts

All of the members of the Squeezed and Struggling More group mentioned suffering health impacts - both physical and mental - as a result of the changes to their financial situations. Mary for example described how tired she felt through having to go out to work aged 65 without being able to feed herself properly. This group also reported experiencing higher levels of stress, anxiety and depression. Both Ana Maria and her husband, along with Miguel and his partner, have always worked and enjoyed what they describe as a 'normal life', with enough money for family holidays, outings and meals out. For these moderate earners, anxieties relating to Covid-19 have in large part to do with the radical shifts in lifestyle that the pandemic could necessitate as they begin to experience major income shortfalls, and come to terms with the reduced choices and freedoms that come along with this.

## Key risks



### **Closure of furlough schemes and the end of payment and rent holidays will perpetuate and deepen financial hardship.**

Despite already having suffered the adverse effects of the pandemic, it is likely that worse may yet be to come for this group. Ana-Maria and her husband, despite having very high unsecured debts, have benefitted so far from being able to secure credit card and loan repayment holidays from most of their creditors, along with a rent holiday from April to June 2020; they also received a £3000 Self-Employment Income Support grant from the government that helped to tide them over. Equally, Miguel and his partner were able to rely for several months on income that they were receiving through the furlough scheme. As these protective measures begin to end, people could find themselves in urgent need of financial assistance and advice as they begin to experience major income shortfalls, while the economy continues to suffer the effects of the pandemic.

### **Recession, a resurgence of Covid-19 cases and further lockdowns could have serious implications for this group.**

Harriet, Ana-Maria and Miguel are all placing their hopes in economic recovery so that they can find employment or so that there is an increase in demand for services such as Uber; 65-year-old Mary believes that her chances of finding new employment are slim due to her age, but hopes that there is a return to 'business as usual' in the care home in which she works. For all four of these research participants, recession, a resurgence in Covid-19 and further lockdowns could thwart their chances of being able to find stability through more secure income and employment, and deepen and prolong debt and financial hardship.

## Support needs



### **Help and encouragement to apply for Universal Credit in a timely way.**

A lot of stigma continues to surround the Universal Credit system, fuelled by negative media portrayals of people who are 'too lazy to work', and the system is widely perceived as being complicated and impossible to navigate. Our research suggested that people are waiting too long before trying to access benefits, meaning that - by the time they apply - they have already run into financial difficulty or used up their savings. At this point, the process of applying for benefits is doubly stressful: Ana Maria described the "stress and headache" of a long drawn out application process that took 5 weeks, while Miguel - despite being aware of his benefits entitlements through his work as a volunteer translator for Newham Council - still struggled to navigate the system smoothly and is now left with mounting rent arrears and diminishing savings as he and his partner will have to apply for Universal Credit for a second time.

**"The first time, I was told I was only going to get £29 [through Universal Credit] because they took my partner's income through furlough into account. But now we've both been made redundant and we'll have to apply all over again."**

*Miguel, 55*

### **Advice around managing Universal Credit alongside employment.**

For Fair Finance customers, many of whom are self-employed or employed on precarious zero-hours contracts, the benefits system is very confusing when managing it alongside additional earnings. Harriet for example was finding it too difficult to manage her finances when not knowing how much she was going to get through earnings and Universal Credit payments from one month to the next, and was planning to quit her part-time job as a result, even though this could mean a reduction in income. Ana Maria and her husband - while grateful for the Universal Credit payment of £1800 that they will receive - are finding it very challenging to plan

for the future, because they are uncertain about the ways in which the money they earn through their work will affect their Universal Credit eligibility. Fair Finance customers need support not only with applying for benefits in the first place, but also being able to manage their financing and budgeting from thereon in - particularly if they work part-time or are self-employed.

### **Help and advice around making cutbacks to their day-to-day expenses, and accessing services such as food banks.**

Unlike those in the Stretched and Stable group, the Squeezed and Struggling have less experience of managing a tight budget and finding ways to economise. They may therefore need help around identifying elements of their weekly or monthly expenditure that can be reduced. For example, Mary has a very high £70 monthly broadband bill, which represents a large proportion of her disposable income. She acknowledged during the interview that this seemed unreasonably high but had not yet got round to querying it with the broadband provider. People like Mary might also benefit from being signposted to services such as food banks.

### **Advice around debt consolidation or loan repayment plans.**

There was a lot of uncertainty within this group around the best course of action regarding how to manage their debts. Harriet resorted to cancelling the direct debit for her Fair Finance loan repayments through her bank, while Ana Maria had unsuccessfully tried to apply for a government Bounce Back Loan which she had hoped would allow her to consolidate her debts and repay them at lower interest. After this application had been rejected, Ana Maria was leaning against taking up Fair Finance's offer of paying back her loan at a lower rate over a longer period of time, because she wanted to get this paid off as soon as possible. She had not completely made up her mind, however, noting: *"I'm still wondering what to do."*

## **Barriers to asking for help and advice**

### **Panic, stress and anxiety impacting decision-making.**

The stress of Covid-19 has affected the cognitive bandwidth of this group and led to 'tunnelling' behaviours that mean they are struggling to think and plan long-term, and to make clear-headed, rational decisions. This was seen in Harriet's case, whose knee jerk response at the beginning of lockdown was to contact her bank to cancel her Fair Finance loan repayments, rather than taking the time to explore the repayment options available to her. Ana-Maria and her husband had considered returning to Romania before realising that their financial situation would be no better there than in the UK.

**In 'firefighter mode.'** A 'firefighter mode' mentality means that this group may feel that now is not the right time for advice. Harriet for example felt that there was no point in asking for advice until she is in a more stable situation and has a more reliable income stream, while Ana-Maria had mostly been focussed on determining what kind of government support might be available to her and her family, and on thinking about possible other employment options for her husband. The underpinning attitude here seems to be that they will only benefit from advice once their finances have improved or stabilised and they are in less of a crisis mode.

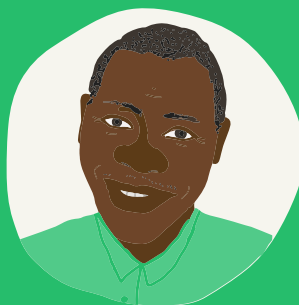
### **Hoping for a quick-fix solution.**

The members of this may also still be relying on a 'quick fix' for their problems, and may not have come to terms with the potential long-term nature of the challenges they face. A common thread that seemed to run throughout the accounts of participants in the Squeezed and Struggling More group was the reliance on external help or a 'quick fix' that will help them to resolve their financial issues quickly. Mary for example, who has found herself struggling to afford basic amenities such as food, spoke of 'hoping' that her brother, who is based in America, might send her some money (as he did a few years ago), yet was reluctant to actively ask him for help. Harriet and Miguel were placing their hopes in being able to find employment - both had already submitted numerous job applications, but had not yet been successful. Ana Maria was bitterly disappointed that her application for a government Bounce Back loan was rejected. These examples cumulatively suggest that the Squeezed and Struggling More group may still be focussed on trying to find rapid 'solutions' to their problems, rather than looking at ways to manage their lives and finances differently and weather the Covid-19 storm over a longer period of time.

# 04

## Accidental savers

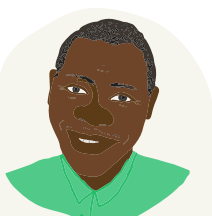
For the first time in their lives, 'Accidental Savers' have found themselves with 'money to spare' as a result of the social restrictions enforced by lockdown. Rather than seeing these savings as an opportunity to make moves towards building their financial stability, Accidental Savers view this money as a temporary bonus that's likely to evaporate in the near future.



## Stories

**"For the first time in my life, I've got £1000 just sitting in my bank account [...] but I'm a bit worried sometimes about what's going on with Covid, I'm really worrying that maybe there's a time when we'll be struggling more [...] I'm sure, if you ask me in a few months, that money will be gone."**

David, 46



### David

46-year-old David lives with his wife and 3 children in Bournemouth. He is pleasantly surprised to have found that, during lockdown, he managed to accumulate an 'extra' £1000 due to a cancelled family holiday and taking his children out less. Despite accumulating this buffer, David admits that he's not very good at managing his money, and has over £5000 in overdraft, credit card and catalogue debt. A support worker for the NHS, he is anxious about Covid-19 and believes that people aren't taking it seriously enough.

David is originally from Burundi and arrived in the UK in 2003. Shortly after completing a degree in Business Management at Middlesex University, David moved to Bournemouth and now lives in a private rental flat with his wife and three children, aged 11, 8 and 3. David works as a support worker for the NHS and a charity that supports children with autism, earning around £2000 per month. He chooses to work for these organisations on a zero hours contract basis because he prefers the flexibility that this affords him, and the ability to earn double pay on weekends.

David admits to a weakness for buying gadgets and other items from the Littlewoods Catalogue, and says he's not good at managing money: as soon as he wants or needs something he'll buy it, without worrying about the consequences. However, on the whole David feels that he is broadly managing fine and isn't too worried about his financial situation. During the pandemic he decided he would like to return to education: in September he's hoping to start an Msc in Mental Health.



### Connor

37-year-old Connor is almost at the end of a 5-year debt repayment plan that he began in 2015 after accumulating over £8000 in debt due to gambling and addiction issues. Due to taking his children out less during lockdown he has managed to accumulate £450 in savings and has given this money to his sister to look after so that he doesn't spend it.

Connor arrived in London from Galway City, Ireland, in 2003. He lives with a family as a private lodger in a house in east London and works full-time as a street cleaner for the local council. He has two children, aged 10 and 7, who live down the road with their Mum: Connor still sees and looks after them regularly. Connor has a history of complex debt, having accumulated personal debts of up to £8000 as a result of gambling and addiction issues.

In 2015 he went to Gregroy Pennington, a debt management company, which consolidated his debts for him and took over liaising with his lenders, including Fair Finance. He is now nearing the end of his loan repayments and in January 2021 will finally be debt-free. He hopes to use the money he has saved during lockdown to take his children on holiday to Spain when it is safe to do so.

## Common characteristics



### Moderate incomes

The Accidental Savers belong to category C of Fair Finance's customer base: moderate earners with a reliable income stream, whether this is as a result of stable, permanent work (Connor), or temporary or zero-hour contract work that is 'in demand' (David).

## Impacts of Covid-19



### Savings through lifestyle changes

The Accidental Savers have generated unexpected savings through lifestyle changes necessitated by the lockdown and more restrained lifestyles subsequently. David spoke of his relief at having had to cancel a family holiday to Greece that he was concerned he wouldn't have been able to afford, and having 'more control' over his spending due to reduced family outings during the pandemic; as a result, he had managed to accumulate an 'extra' £1000 in his current bank account. Connor saved £450 through spending less time with his children during lockdown; he had given this money to his sister to look after.

## Key risks



### Still vulnerable to financial shocks

Stable employment is the only protective factor preventing the Accidental Savers from falling into the Squeezed and Struggling group. David for example has a similar profile to Ana-Maria (see p. 16): no savings, relatively high private rent, high unsecured debts and a large family whose expectations of a 'normal life' include holidays and regular, costly family outings. David spoke of expecting that the 'accidental savings' that he had accumulated during lockdown would soon disappear. If unforeseen circumstances led to David losing his job or being unable to work, his family could fall into financial difficulty.

### Reluctance to save

There are significant behavioural and psychological barriers at play which serve as a barrier for the Accidental Savers to put their accumulated money into savings or to use it to pay off debts - this includes a fear or mistrust of saving and risk-averse behaviours stemming from anxieties related to Covid-19.

**"I'm still no good with money, I don't trust myself - I'm not really there yet. So any extra money I have, I give it to my sister to look after."**

*Connor, 37*

**"I'm not good at saving, because I cannot struggle while my own money is sitting over there. So even if money goes in, it usually comes out again."**

*David, 46*

Like other Fair Finance customers who took part in this research, both Connor and David expressed reluctance to save. For different groups, the reasons for this reluctance vary: those in the Stretched but Stable group see efforts to save very small amounts as futile; the higher earners from the Squeezed and Struggling More group were, before the pandemic, often more concerned with maintaining what they saw as a 'normal' quality of life than putting money away. For Connor and David, barriers included the following:

- **Accumulating money risks reigniting bad habits.**  
This was a particular fear for Connor who has a history of gambling and addiction. He has developed a workaround by giving the spare money to his sister.
- **Saving money is a 'waste' when there are other more immediate needs and desires to be met.**  
David spoke of finding it difficult to save money in favour of fixing items and buying replacement items as and when they were needed. He also felt that it was important to buy good-quality items rather than cheap items that might subsequently break.
- **Using money to pay off debts is like throwing away money when it might be needed in the future.**  
David, a support worker for the NHS who has been exposed to a number of stories about Covid-19-related deaths, was - out of all the research participants - the most anxious about Covid-19 and its possible future repercussions. Despite having considered using some of his accumulated savings to pay off one of his overdrafts, he had ultimately decided against doing this because he was worried about what the future might hold and about a possible time when, as a result of the pandemic, the family might be 'struggling more' and would need this money to fall back on.

## Barriers to asking for help and advice



### A fatalistic attitude

In part due to historic issues with financial management, the Accidental Savers may feel little agency over their finances, and have a fatalistic attitude that they will be unable to significantly change their approaches to financial management.

### Other priorities

Since they have not yet been financially impacted by the pandemic and have even seen temporary improvements in their financial situations, the Accidental Savers may not see the need for seeking advice around their finances. Both Connor and David were however formulating ambitious future plans: once Connor has finished paying off his consolidated debt he is keen to begin to improve his credit rating and to start saving for a place of his own to live, as well as to begin building a nest egg for his children. David wants to begin an Msc in Mental Health, and noted:

**"If I was going to ask for help, it wouldn't be around money - it would be about how to balance working with studying."**

For the Accidental Savers, advice around financial management would need to serve and be set in the context of these broader ambitions.

**05**

# **In conclusion Part I**

**A Picture of Precarity**

In the first part of this concluding set of chapters, we identify some cross-cutting insights from across the research sample to highlight the considerations that financial support services like Fair Finance might take into account as they seek to optimise their support for people during the pandemic.

**“Fair Finance has been in touch to offer reduced loan repayments over a longer period [...] but I’m not sure about it - I want to get that debt paid off as soon as possible.”**

*Ana Maria, 42*

**“What I’ve been thinking is that I might finish that £300 one [overdraft] off ... but I’m not sure - I’m a bit worried with everything that’s happening with Covid-19 - so I’m still deciding”**

*David, 46*

## 01

### **It is important to tailor support to different needs**

Table 1 presents a summary of the features of the three groups that have been discussed in this report: those who are Stretched but Stable (for now); those who are Squeezed and Struggling More, and those who are Accidental Savers. Understanding the unique features of these groups could be important for Fair Finance, as well as similar financial support services, as they seek to build an accurate picture of the risk profiles of their customers, and to develop tailored forms of support and outreach to help people to steer through the Covid-19 storm.

## 02

### **People need help to navigate uncertainty**

It is crucial to remember that the groupings presented in table 1 are indicative rather than definitive, and the boundaries between them are porous. What unites all of the Fair Finance customers that we spoke to, regardless of their diverse employment and income statuses, is a sense of the precarity and uncertainty of their situations. The pandemic has made an already unknowable future feel all the more unpredictable, and several of the participants reported finding it difficult to make sensible decisions when not knowing what was on the horizon. In some cases this was driving short-termist behaviours and thinking in relation to financial management. Specifically, this came through in Ana-Maria’s reluctance to take up the offer of reduced but longer-term loan repayments from Fair Finance, in David’s reluctance to use any extra money that he had saved to pay off overdrafts and other debts, and in Harriet’s decision to give up her part-time job in the hope of being able to find another, better paid job.

It would only take a sudden loss of job or reduction in income for the Accidental Savers to slip into the Squeezed and Struggling More group, or for an unexpected bill or expense to destabilise those in the Stretched but Stable (for now) group. Slippage and movement between these groups is highly likely, and the key area in which all of these customers could benefit from support is around being able to make clear-headed decisions, to be made aware of and be supported to access the help and benefits that they are entitled to, and to weigh up the costs and benefits of particular options: around how to manage their debts, how to navigate complex benefits and employment landscapes, and about what to do with any unexpected savings they might have accumulated - despite the challenges around seeing a clear path into the future.

**It's not (just) about the money:  
Financial resilience as a hidden  
web of interdependencies:**

People's employment and income statuses have been used in this work as a key lens through which to understand their experiences of the pandemic, but what has come across clearly in this research is that people's financial resilience depends on much more than simply their monetary ingoings and outgoings: instead, it is made up of a highly complex web of interdependencies that includes people's access to social capital, levels of financial and digital literacy and awareness, attitudinal and behavioural factors, and their health statuses (see Figure 1 for a summary of risk and protective factors).







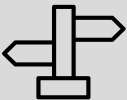
Covid-19 has brought these interdependencies into sharper relief: people's dependence on informal and formal child care - particularly in cases where they are single parents - has been exposed by lockdown, when these modes of support have not been so easily accessible; those who are suffering from poor health are ever more aware of the vulnerability and precarity of their situations in cases where they are in insecure, front-line roles that cannot be done remotely; those who are willing and have the tools, connections and know-how to access help and advice recognise this as a protective asset:

**"I've been working as a  
volunteer translator for  
Newham council, so I have  
connections at Citizens  
Advice and Stepchange  
that I've been able to ask  
for advice - I'm lucky."**

*Miguel, 55*

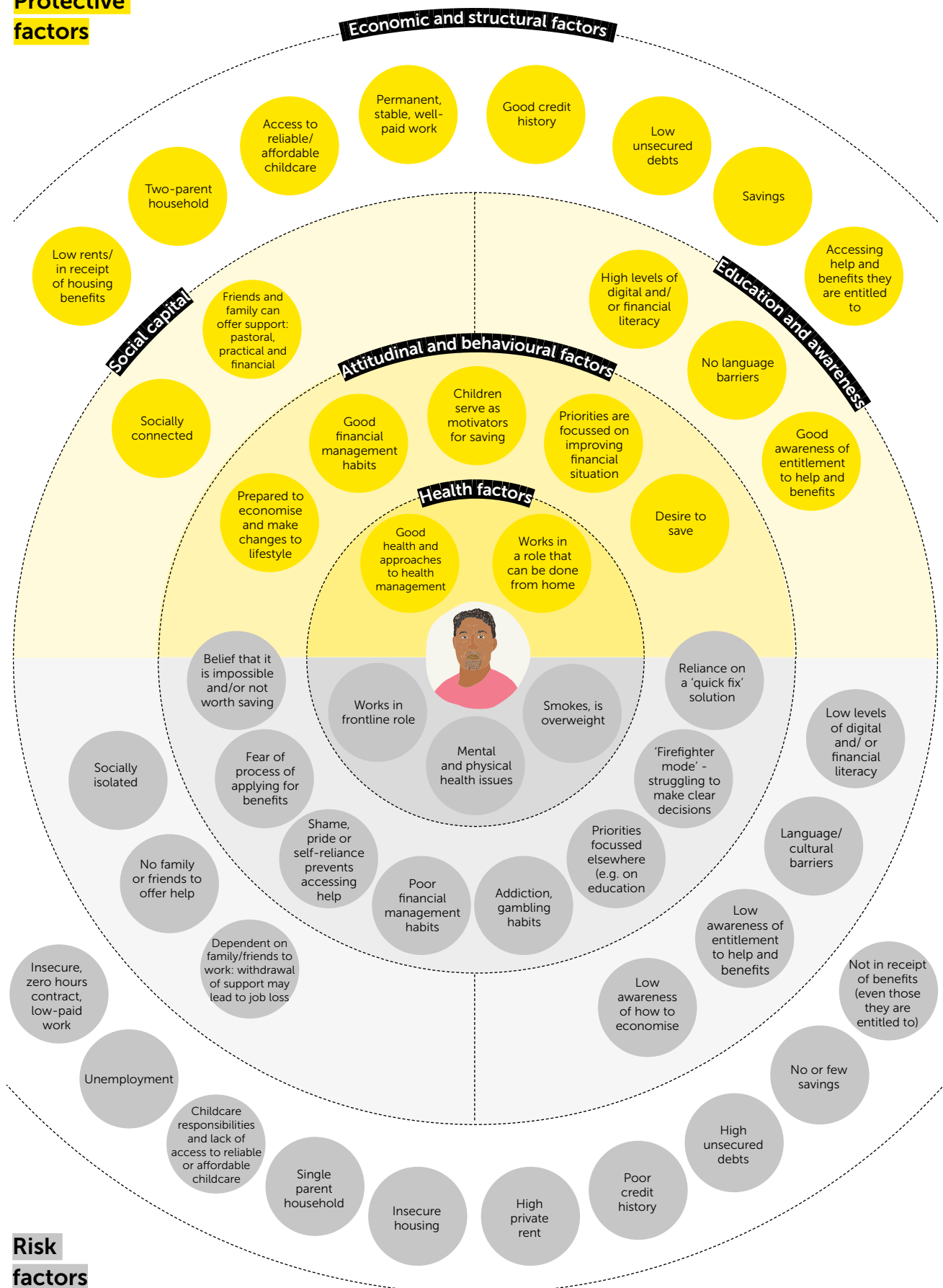
What this means for financial support services like Fair Finance is that simply reviewing people's credit history and asking questions about their financial ingoings and obligations may not provide a sufficiently accurate picture of the kinds of risks that people face, and the support needs that they have, during a time of unprecedented volatility; broader questions and conversations may be necessary in order to identify the kinds of advice and services from which people may benefit, both now and in the coming months. This is not simply about understanding people's risk profiles, however; it is also about identifying assets, strengths and opportunities that may lie within people's broader lives, networks and aspirations, which may provide routes towards greater financial stability. In the next and final chapter of this report, we explore some of the more positive narratives emerging from out of people's experiences of the pandemic, which may provide opportunities for more asset-based methods of framing financial support services.

**Table 1:** A summary of the key risks and support needs facing the three groups identified through this research

The impacts of Covid-19	 <b>Stretched but Stable (for now)</b>	 <b>Squeezed and Struggling More</b>	 <b>Accidental Savers</b>
Employment/ income status	Mostly unemployed and low-income employed	Mostly low-income and moderate-income employed	Mostly moderate-income employed
<b>Common characteristics and impacts of Covid-19</b> 	<ul style="list-style-type: none"> <li>• Very limited disposable income</li> <li>• Well-adapted to life on a low income/ benefits, with sophisticated strategies for making ends meet</li> <li>• No savings or financial cushion</li> <li>• Often reliant on forms of social capital (friends and family offering a safety net)</li> </ul>	<ul style="list-style-type: none"> <li>• Suffering a range of impacts from Covid-19, including rent arrears, inability to afford basic amenities, inability to cover unsecured debts, anxiety and depression</li> <li>• Those with higher incomes tending to be impacted more because of higher monthly expenditure, rent, unsecured debts, and psychological impacts of sudden and often dramatic change in circumstance</li> </ul>	<ul style="list-style-type: none"> <li>• Lifestyle changes during lockdown (and subsequently) led to unexpected savings</li> <li>• View the unexpected money as 'extra' bonus money, not savings</li> </ul>
<b>Key risks</b> 	<ul style="list-style-type: none"> <li>• Very vulnerable to financial shocks and unexpected expenses, however small (e.g. increased food bills)</li> <li>• Recession could block chances of finding employment</li> <li>• Most likely to be digitally excluded</li> <li>• Childcare responsibilities</li> <li>• Friends and family offer safety net so this may be withdrawn in the event that support network is affected by Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Exposed to health risks of pandemic</li> <li>• Closures of furlough schemes and the end of rent and loan repayment holidays could rapidly send them into serious financial hardship</li> <li>• Recession, further lockdown and resurgence of Covid-19 cases will lead to increased job losses and income reductions, prolonging and deepening financial hardship</li> </ul>	<ul style="list-style-type: none"> <li>• Exposed to health risks of pandemic</li> <li>• Loss of stable income/ employment</li> <li>• Attitudinal and behavioural barriers to saving money or building good financial habits</li> </ul>
<b>Key support needs</b> 	<ul style="list-style-type: none"> <li>• Help to know their benefits entitlements and navigate benefits system</li> <li>• Support to find employment</li> <li>• Support with debt management</li> </ul>	<ul style="list-style-type: none"> <li>• Help and encouragement to apply for Universal Credit in a timely way and manage it alongside work</li> <li>• Advice about making cutbacks to weekly and monthly expenses; signposting to other help and support such as food banks</li> <li>• Advice about debt management and loan repayment options</li> </ul>	<ul style="list-style-type: none"> <li>• Encouragement to save; advice around how to reach long-term goals</li> </ul>
<b>Key barriers to asking for help and advice</b> 	<ul style="list-style-type: none"> <li>• Pride, shame, self-reliance prevents accessing all benefits they are entitled to</li> <li>• Saving money viewed as impossible or not worthwhile in small amounts</li> </ul>	<ul style="list-style-type: none"> <li>• Fear of process of applying for benefits</li> <li>• Panic, stress and anxiety affecting decision-making</li> <li>• In 'firefighter mode' - now is the not the right time for advice</li> <li>• Still hoping for a 'quick fix'</li> </ul>	<ul style="list-style-type: none"> <li>• Fatalistic sense that they cannot change their financial habits</li> <li>• Priorities are elsewhere, centred on big long-term ambitions such as retraining, buying somewhere to live</li> </ul>

**Figure 1:** Financial resilience: Risk and protective factors

**Protective factors**



**Risk factors**

**06**

# **In conclusion Part II**

**In the light of the  
pandemic: common  
challenges reframed**

Changes in situation, perspective and sense of identity have been forced upon Fair Finance customers through devastating impacts such as job loss and unexpected reductions in income, but they have also grown in a more positive sense out of new experiences and realisations that people have had as a result of the departure from 'normal life': in this departure from 'normalcy' lies opportunity for redefinition and reinvention, both in the lives and behaviours of individuals and in the support systems that surround them.

**"I was quite depressed for a few days but then I thought, well, this is not getting me anywhere, so now I'm just focussed on finding a solution. I'm quite a strong person, I won't give up."**

*Ana Maria, 42*

In one sense, many of the issues and challenges highlighted through this user insights work might sound familiar: different combinations of risk factors - from insecure, low-paid forms of work to inadequate childcare provision and various attitudinal and behavioural barriers - can place people in a very financially vulnerable position, particularly when faced with job loss, unexpected health issues or other unplanned-for changes to their lives and incomes.

However, what also came through strongly in the interviews was a picture of resilience, resourcefulness, determination and hope: a sense that people are continuing to try to enjoy and to build better lives for themselves in spite of and perhaps even because of the impacts of the pandemic.

It is important that ethical lenders like Fair Finance, along with other support and advice services and policymakers engaged in trying to improve people's financial resilience and wellbeing, recognise and seek to build on and work with the grain of these strengths and assets, treating people holistically and working to find out what they care about and are working towards, rather than taking an approach narrowly focussed on 'fixing problems'.<sup>2</sup> To this end, in this section we have drawn together common challenges that stand to undermine people's financial wellbeing, and present the strengths and opportunities implicit in these challenges through new perspectives and narratives emerging from people's experiences of the pandemic.

**"We try to keep positive, there is no point in wallowing in things."**

*Miguel, 55*

**"I've got this dream of buying myself a second-hand Mini just so that I can go buzzing round the country visiting all my friends that I haven't seen for a while. The pandemic has made me want to enjoy my life more."**

*Selim, 64*

Hilary Cottam makes a powerful case for this kind of asset-based approach to supporting people in her book *Radical Help: How we can remake the relationships between us and revolutionise the welfare state* (London: Little Brown, 2018). Local authorities and other community-based initiatives are increasingly experimenting with asset-based approaches that centre on recognising people's capabilities and what they care about.

# 01

**The problem:** People have a preference for instant rewards over longer-term investment and saving.



**The problem reframed:**  
People often use financial capital to invest in their wellbeing and relationships, shoring up their resilience to hardship over the longer term.

Across the interviews, there was little evidence that people are able to or are in the habit of saving: of the nine research participants, only one - Miguel - reported having any significant savings at the start of lockdown, and after four months these savings had been used up. Even where people had the desire to save - Harriet and Andreea for example both mentioned a strong desire to save for their children's future - saving was often felt to be impossible, or an investment that wasn't worthwhile; in some cases there even seemed to be a fear or distrust of saving, as seen in the cases of Selim, David and Connor.

At the same time, there was a lot of evidence of people choosing to spend money - sometimes relatively significant sums - on making the immediate lives of themselves and those close to them more comfortable and enjoyable, through buying goods, planning holidays or bestowing gifts:

**"It's important to me to be generous, that's a good quality of mine [...] I want to buy my three sisters a £50 Marks and Spencer's voucher each as a thank you for looking after me while I was unwell"**

*Selim, 64*

**"I want to take my kids on holiday after this, maybe to Spain - it'll be nice to have something to look forward to [...] what would I do with £5000? I'd give at least some to my sister as thank you for being such a rock."**

*Connor, 37*

**"I took out a £1000 Fair Finance loan so that I could give my niece a wedding gift - it was important to me to give her a good start in life."**

*Mary, 65*

**"We're trying to do things for our mental health, you know - for example we'll take trips to Margate or other seaside places, spend time with the grandchildren - just trying to stay positive and keep our spirits up."**

*Miguel, 55*

It was clear throughout these accounts that people saw these purchases and plans as important investments in their health, wellbeing and support networks. Being able to look after their own emotional wellbeing, give their families and children something to look forward to, or express gratitude for support they had received from family and friends through gift-giving, were part of people's narratives about looking after themselves through difficult times and investing in relationships that they saw as enriching and important. While these purchases could be dismissed as money spent on 'instant rewards' or short-term benefits in favour of longer term gains, the research participants conceived of them as being part of a more complex pattern of reciprocity and self-care that had the potential to pay dividends over the longer term.

## 02

**The problem: People with a greater number of dependents (e.g. more children), particularly single parents, are more vulnerable to financial hardship.**



**The problem reframed:  
Children serve as a motivator for people to make positive changes in their lives and to plan for and invest in the future.**

Eight out of nine of the research participants were parents, although Mary and Miguel's children are grown up and living independently, and Connor's children live locally with their mother. Throughout the research we heard that having children can present additional challenges for people who may be struggling financially, including not only the need to provide for children's basic needs and the costs associated with this, but also feeling under pressure to provide a 'normal life' for children through holidays and family outings. For single mothers, the challenges are particularly significant, with childcare responsibilities serving as a barrier to people being able to find stable work. These challenges were felt even more acutely during lockdown, when children were having to be home-schooled.

On the other hand, children also emerged clearly through these interviews as a source of hope and motivation for people to make positive changes in their lives. People spoke of wanting to be good role models for their children and to be able to build nest eggs for them.

**"I want to build a better life for my daughter and I."**

*Andreea, 37*

**"I want to put something away for my daughter, but I need a job first."**

*Harriet, 19*

For some, like Connor, the pandemic had provided a moment for reflection on the importance of family, and re-focussed his attention around the need to begin taking measures to provide for his children in the long-term.

**"Have you got kids? Kids change everything. As soon as my kids came along I realised how selfish I'd been. This pandemic has made me think I really want to do something for them [...] I'm going to try to improve my credit rating. Failing that I'll take out life insurance."**

*Connor, 37*



# 03

**The problem:** Universal Credit and other benefits provide inadequate financial support and are associated with loss of dignity, stress and shame.



**The problem reframed:** Universal Credit and other government support systems stand to serve as vital safety nets for supporting people through the pandemic, and people need to be supported to overcome their fear of engaging with these complex systems in timely, seamless ways that minimise experiences of loss of dignity, stress and shame.

Throughout the interviews, there were repeated expressions of shame and stigma around being reliant on benefits, and for the most part there was a sense that people who were on benefits - like Andreea and Harriet - wanted to get back into work as quickly as possible, since Universal Credit was only providing for the most basic and threadbare existence. Fear of the process of applying for benefits is also a significant barrier to accessing help. For people like Miguel and Ana-Maria whose finances have been badly impacted by the pandemic, applying for Universal Credit was a 'last resort', and both expressed their frustration at how difficult and labyrinthine the process was.

**"Why do they make it so difficult? The process took so long, and there was so much back and forth with the Home Office [...] telling us to find this document and that, almost like they didn't trust us. Maybe it's because we're not from the UK [...] things are already stressful enough, why do they have to make that process so stressful as well?"**

*Ana Maria, 42*

At the same time, there were also some more surprising positive reflections on Universal Credit. Andreea spoke positively about her work coach, who she felt was supportive of her ambitions to find a job in accounts, and grateful for the financial assistance that she gets for childcare as part of her Universal Credit entitlements. Ana-Maria, despite her frustrations with the application process, was pleasantly surprised to find that her family was eligible for £1800 in government support - enough to cover rent and bills. It is clear that, in the months to come, Universal Credit stands to provide a vital safety net for people like Miguel and Ana Maria, and it is therefore important that people are encouraged to engage with the system in a timely way - before their savings have run out or they have run into severe financial difficulty - and given clear advice about what to expect from the process and how to ensure that it is as straightforward and seamless as possible.



# 04

**The problem:** People are often in denial about the state of their finances, particularly during times of crisis, and don't seek or accept help and advice when they need to.



**The problem reframed:**

People's aspirations extend far beyond the desire and need to improve their finances, and are strongly tied up with other priorities and values such as education, employment prospects, family and faith. Help and advice that seeks to 'fix' narrow problems may not always resonate with what people care about.

Throughout this report we have set out some of the potential barriers that may prevent people from seeking support and advice - these can include not feeling that it is the 'right time' to ask for help, a preference for 'quick fixes' to problems, impaired decision-making, and feelings of shame and pride. One insight stands out above all these, however: no matter what people are going through as a result of the pandemic, their finances are only one small part of who they are.

A strong beat of ambition ran throughout the interviews. The research participants wanted to find work that would give them independence and an improved quality of life; they wanted to retrain; they wanted to apply for their British passport; they wanted to be a better parent or friend. Even in the most serious cases of financial hardship caused by the pandemic, people had held onto and even become more resolute in their sense of the importance of these ambitions. Ana Maria for example spoke of her determination to get her degree in Hospitality Management.

Throughout the interviews, we heard that customers are deeply grateful for Fair Finance's lending services, valuing the fact that it is a high-quality, non-judgemental service with friendly staff, offering access to low-interest credit in a straightforward and efficient way. Where the research participants had any suggestions for improvement, it was around building a more relational rather than transactional service that seeks to really understand the challenges that people are facing and the dreams and ambitions that they are pursuing.

"They [Fair Finance] were just asking about your income and, you know, money coming in and money coming out - but that's as far as it goes [...] It would be nice if, because you already need a loan and you have to give all this personal, financial information about yourself [...] they say 'oh, by the way', would you like some help in managing or some advice... [...] if they see you've got debts mounting up for example."

*Andreea, 37*

"I was so impressed with Fair Finance recently - they actually called me up out of the blue, just to have a chat, to find out about my situation and how I was getting on. That kind of proactive reaching out - I think that's really nice."

*Miguel, 55*

What these findings suggest is that, to maximise their effectiveness and continue to build honest, trusting relationships with customers, it is important that financial support services are designed with the whole person in mind, creating spaces for meaningful conversations around what customers feel they need, and respecting and seeking to support the directions in which they want to travel - through the turbulences wrought by the pandemic and far beyond.



# Acknowledgements

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# Shift

# Appendix I

## Who we spoke to

(names have been changed)

Table 2: Summary of participants

	Age	Country of origin	No. years in UK	Type of job/ benefits status	Approx. income/ benefits level pre-Covid pcm	Housing type	Lives with	Fair Finance loan status
Category A: Unemployed								
Andreea 	37	Romania	13	On Universal Credit	£1400	Private rental	6 y o daughter	Loan is paid off
Selim 	64	England	64	On JSA/ housing benefits	£300 (excl. rent)	Private rental	Lives alone	Loan is paid off
Category B: Low-income employed								
Effia 	44	Ghana	15	Cleaner	£850	Council	3 children, 10, 13 and 14	Normal loan repayments (£30 pcm)
Harriet 	19	England	19	On Universal credit + self-employed	£600 - 1100 (excl. rent)	Council	1 y o daughter	Defaulted on loan repayments, now repaying again
Mary 	65	Ghana	40	Care worker	£1000	Housing assoc	Lives alone	Reduced loan repayments (£30 pcm)
Category C: Low to moderate income employed								
Ana-Maria 	42	Romania	13	Cleaner and receptionist (husband is Uber driver)	£4500 (combined with husband)	Private rental	Husband, 2 daughters aged 11 and 21	Loan repayment holiday
Connor 	37	Ireland	17	Street cleaner	£1500	Private rental (lodger)	Lives alone in rented room	Paid as part of debt consolidation plan
David 	46	Burundi	17	Health support worker (wife currently looking after children)	£2000	Private rental	Wife and 3 children, 3 8 and 11	Normal loan repayment (£100 pcm)
Miguel 	54	Portugal	23	Catering (partner is a chef)	£1600-2000	Council	Partner	Reduced loan repayments (£70 pcm)

# Andreea 37

I'm a single Mum living in a private rental flat in south-east London with my 6-year-old daughter.

"Enough is enough. I'd really like to get out of my situation now."

## Protective factors

I try to save. I set aside £100 every month.

I'm managing my debt through regular direct debit payments.

I follow the advice of Money Saving Expert. For example I learnt that you only pay £5 for cinema tickets if you go in the mornings, so we do that now.

I always travel by bus, because it's cheaper. Never by train unless I really have to.

I'm good at budgeting. I can make a little go a long way.

## Risk factors

I never manage to save successfully. I always have to use that £100 at the end of the month.

I have £1,000 credit card debt and I'm in my overdraft - I'm getting overwhelmed by the monthly interest and overdraft payments.

## ABOUT ME

### I'm from Romania and came to the UK in 2007.

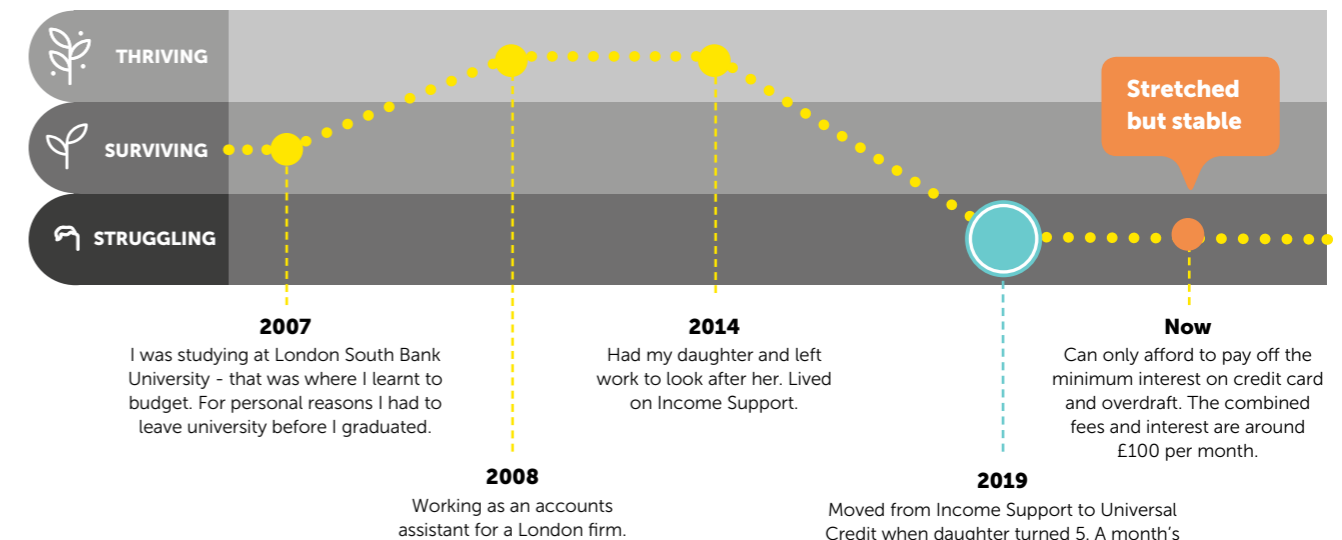
I worked for 6 years as an accounts assistant but left that job when I had my daughter. I've been unemployed since 2014 and am living on Universal Credit.

I grew up in a Communist country where life wasn't always rosy, and I learned from my parents that you just have to make do with what you have. A lot of people complain that Universal Credit isn't enough, but I think it's OK. Most of the money goes on rent and bills, but I still have enough to pay for my daughter's swimming lessons, and I've even taken my daughter back to Romania before now to see her grandparents. I wouldn't say life is comfortable, but we have just enough to get by.

My daughter's growing up now and doesn't need me so much, so I'm trying to get back on my feet and have recently started applying for part-time jobs - I'd love to be employed in a few months from now, perhaps doing bookkeeping or something like that.

I'm studying for 2 days a week at the local college. I recently passed my Association of Accounting Technicians Level 2 exams and I'll shortly be taking level 3. To qualify for Universal Credit, I have to have monthly meetings with my work coach. I've got a good coach. She listens and understands that I really want to work. They help me out with childcare payments as well so that I'm able to study.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

Although I'm good at budgeting, I find it really hard to save. The problem is that I just don't have enough money coming in, so it's basically impossible. When my daughter turned 5 I was moved from Income Support to Universal Credit, and there was a month-long delay in the payments I was receiving. That's when my debt problems started - I had a credit card set aside in case of emergencies, and I had to use it during that month, along with my overdraft. The charges I'm paying now on my credit card and overdraft are really eating into the money I have for other essentials. I really worry about it, but I'm not really sure what to do.

Life didn't really change much during lockdown. The government started giving us an extra £100 through Universal Credit, but it hasn't really made much of a difference. I enjoyed spending a bit more time with my daughter, while she wasn't going to school. I'd love to take her to Disneyland Paris one day, as well as get my British passport and maybe even get my own place. Employment will be the only way for me to do those things, so I do worry about the recession. If I'm not able to find a job, I'm not sure what I'll do. At least I don't have to worry about losing a job - I'm already one of the unemployed!

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings:

**£1,500**  
Universal Credit

### Monthly in-goings post-Covid:

**£1,500**  
no change in income due to Covid

**0%**  
no change in income due to Covid



If I had £5000 I'd use it to get a British passport and take my daughter to Disneyland Paris.

### Monthly outgoings:

**£1,460**  
£875 rent

**£400**  
daughter's swimming lessons, food, essentials, travel

**£100**  
bills

**£45**  
bank charges

**£40**  
credit card payments



In a financial crisis I would phone up my brother and he could help me out.

# Effia 44

I am a single mother living in a council flat in north London with my children aged 10, 13 and 14.

"The children found lockdown stressful. They were crawling up the walls!"



## Protective factors



I am good at budgeting - I can support myself and my 3 children on £900 per month.



My sister lives locally and helps with childcare so I can work flexibly.



I am not confident with using the internet or other apps to manage my finances.



I don't earn enough to save money, so I don't have a financial cushion.

## Risk factors

## ABOUT ME

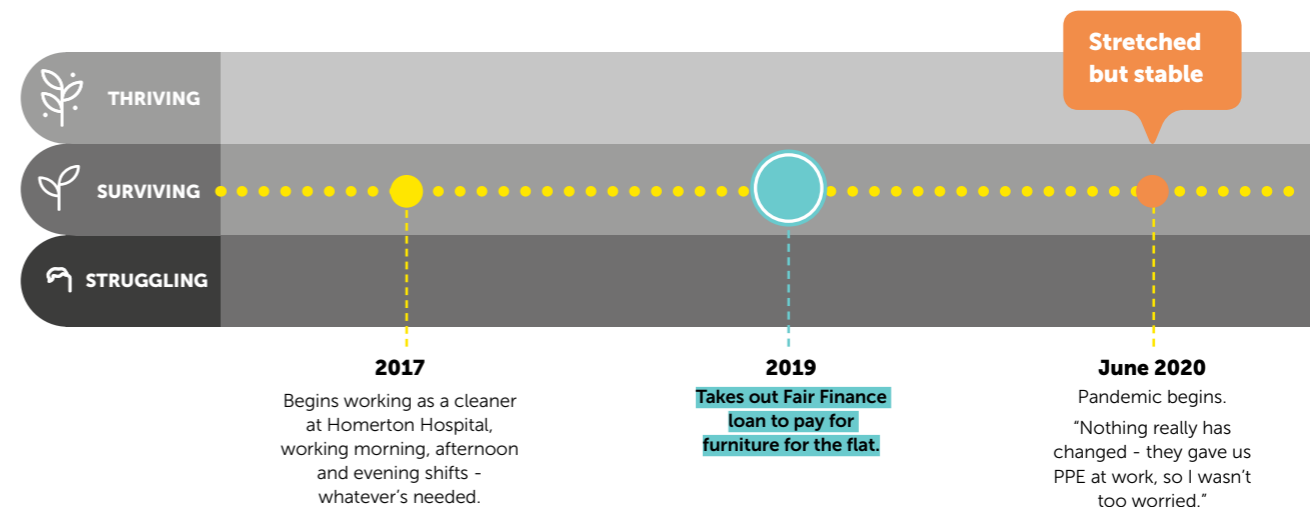
I came to the UK from Ghana in 2005, although I'm a British citizen now. I've been living in my flat in Stamford Hill since then, with my three children; my sister lives nearby with her own child and that's a big help because she supports me with childcare when I have to go off to work.

I work for 4 hours per day as a cleaner in a local hospital, a job that I've been doing for the past 3 years. Sometimes I work really early in the mornings, sometimes in the evenings, and sometimes at night - whatever's needed really. Sometimes I'm late for work, though, because I've been having to tend to the children, so I

get my wages docked. The job pays less than the minimum wage but that's OK because I am good at budgeting. I buy all of my food from the local food market - all meals are home cooked. Between the money I get for child maintenance and the money I get through wages, I can just about make ends meet. Most of my rent is covered by housing benefits too.

One of the things you have to understand me is that I'm very religious - Christianity is very important to me. So I don't buy unnecessary items, I'm not materialistic - I live a simple life and I trust that God will take care of us.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

My children found it very stressful to be cooped up at home during the pandemic - that was hard. They weren't going to school and they were just climbing up the walls. I was late for work more than usual because I was having to take care of them - whenever that happens, I lose out on wages, so I have to make cuts elsewhere. Thankfully, my sister was able to help out - she lives nearby.

Financially, though, we've been doing OK - nothing much has changed. We didn't go out much during lockdown but other than that things have remained pretty much the same - I still have my job and I am not worried about losing that. Obviously, working in a hospital, the pandemic is visible to you. I was never really worried about getting Covid though - we were all given PPE. I've been doing a lot of praying recently - just praying to God to take care of us. I believe He'll protect and we'll come through this stronger.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

**£830**

£650 income

£180 child benefits

### Monthly in-goings post-Covid:

**£830**

**→ 0%**

no change in income due to Covid



If I had £5,000, I'd put the money away for my children.

### Monthly outgoings:

**£820**

£300 rent

£80 gas and electricity

£32 internet

£80 council tax

£300 food, travel, other essentials

£30 Fair Finance



In a financial crisis I would ask Fair Finance for another loan.

# Selim 64

I'm a single man living in a private, one-bedroom rental flat in north London. I've been living on Job Seeker's Allowance and housing benefits since 2008, when I gave up work.

"If I want something and I've got the money I will buy it, rather than worrying about what's left over."

## Protective factors



Given up smoking; don't really drink.



I am generous and I use money to bolster important relationships - by lending people money or buying them gifts.



I'm a good bargain hunter. I recently bought a freezer so that I can buy food that's on special offer, like Carte d'Or ice cream. I've got quite a sweet tooth!



I have family assets in Cyprus and a wealthy brother who could lend me money if I needed it.



I no longer have any credit cards - only debit.

## Risk factors



History of gambling - still enjoy watching poker online but no longer play for money.



Too carefree - if I want something, I buy it - I don't worry about the consequences.

## ABOUT ME

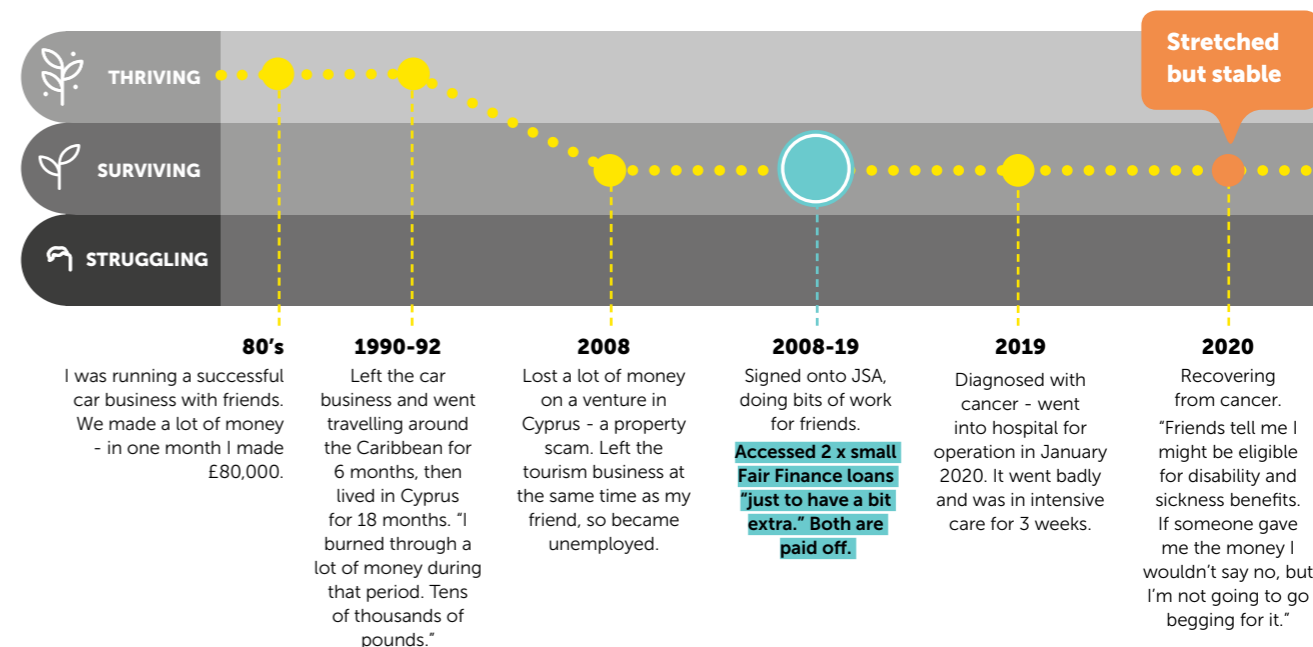
I'm a born and bred north Londoner, but I come from a large Turkish-Cypriot family: my parents came to England from Cyprus in the '50s, and I was one of 9 siblings.

I left school at 17 and worked hard throughout the 70s and 80s. At points, I had a lot of money - I even bought and sold three London properties for a tidy profit. But I also spent a lot on cars, partying, travelling, gambling... just generally enjoying life, you know? The last real job I had was running a business with my mate, sending British tourists to northern Cyprus. We both decided to semi-retire in 2008, and I've been mostly living on JSA since

then. I've paid a lot into the system in my lifetime, so I'm entitled to that help now.

Doctors found cancerous polyps in my bladder last year. Thankfully I had my operation before Covid really hit, in January 2020, and I'm on the mend now. The illness actually brought me closer to my siblings - particularly my three sisters, who live locally - they did a lot to look after me. Friends that I haven't seen for years also sent me their well wishes. My dream right now is just to buy a little Mini and go buzzing round the country to visit all those old friends. Wouldn't that be nice?

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

I suppose you could say I've been a bit foolish with money. I did actually save a bit when I was younger - I had an ISA with Halifax - but as I got older, I saw friends and family lose a lot of money - to divorces, to ill health, to scams. To tell you the truth, my business partner and I lost quite a lot of money on a property scam in Cyprus too. It's made me less careful with money - because if you're just going to lose it, what's the point of keeping it in the first place? My family has some money tied up in assets and property in Cyprus, so I'm planning to retire there in a few years - that's my backup plan. I have a romantic image of myself sitting on the veranda with the sea on one side of me and the mountains on the other.

I'm pretty skint now, but I'm ok - my Job Seeker's Allowance is enough to live on as long as I'm sensible. Covid hasn't really affected me - in fact, in many ways I think I've benefitted. I've saved money and been quietly recovering from my illness at home while the rest of the world has been stuck inside as well. If anything, the pandemic has made me want to enjoy my life even more and buy the things I want where I can. After all, you just never know what's around the corner.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

£300

JSA

Housing benefits cover rent

Recently got £80 as a result of signing up with BT for internet

### Monthly in-goings post-Covid:

£300

→ 0%

no change in income due to Covid

### Monthly outgoings:

£300

approx. on bills, food, clothes, travel



In a financial crisis I would ask my family.



# Ana-Maria 42

I live with my husband and two daughters, 21 and 11, in a private rented property in East London. My eldest daughter is studying at university.

"We felt the impact of Covid-19 on our finances straightaway. It was crazy. I had to get on the phone to our creditors immediately"

## Protective factors



I am not extravagant. I only buy the things I need.



When payment holidays end, we could have a monthly shortfall of around £1,000.



No family or friends to offer help.



Interest payments on debts are around £1,000 monthly.



Debt is around £30,000, excl. student loans. £18,000 personal loan (Halifax); £8,500 on credit cards (Acqua, Barclays); £1,000 Fair Finance loan.



I smoke - it's an expensive habit. My husband and I are both in poor health.

## Risk factors

## ABOUT ME

### I'm from Romania and came to the UK in 2007.

I am self-employed as a cleaner and receptionist. I work around 16 hours per week, and my husband works for 60+ hours a week as an Uber driver.

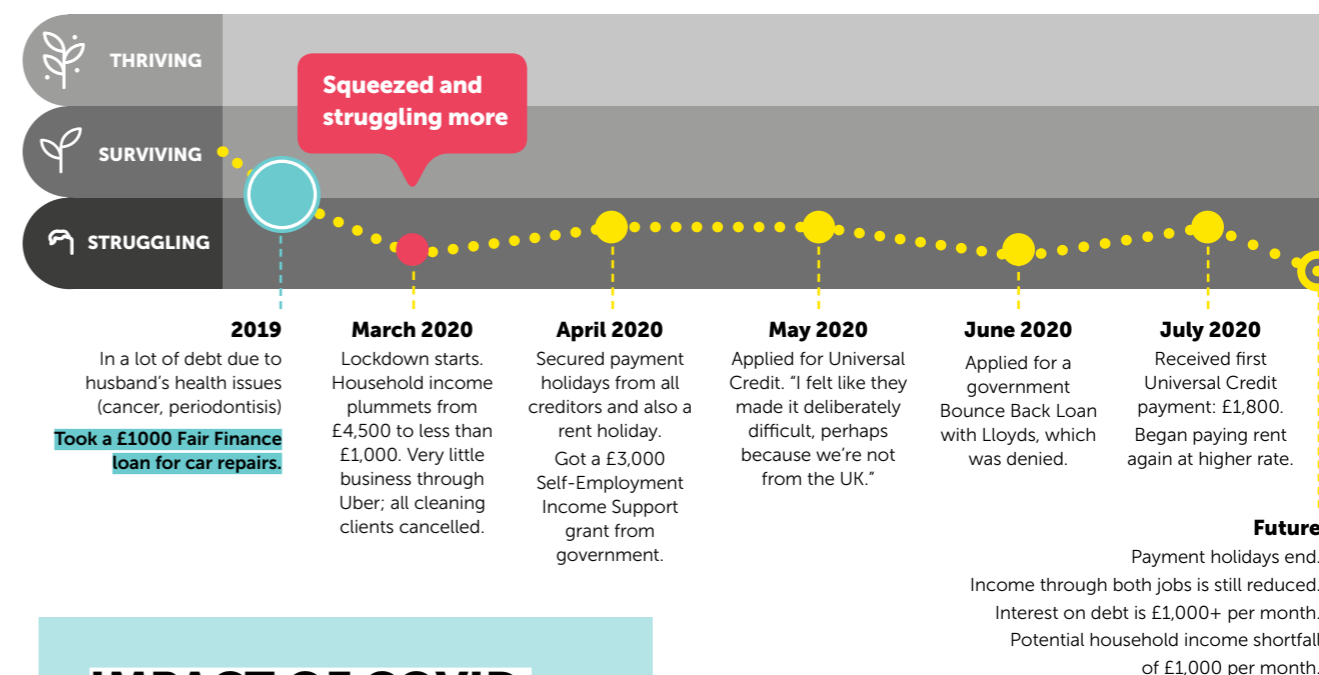
**We're not an extravagant family - we only buy the things we need.** Before Covid-19, we were just living a normal life, with normal treats: an annual trip back to Romania to see family; perhaps the odd barbecue with friends. I like to make sure my daughters have the things they need too.

**Even before Covid-19, we were struggling.** An income of around £4500 per month sounds like a lot, but it's not much when you have to support a family of 4. We've also been unlucky because my husband had cancer and then had a really nasty

case of periodontitis, which saw him lose all of his teeth. We decided to take out an £18000 personal loan from Halifax to pay for expensive dental work and teeth implants back in Romania. Maybe we shouldn't have done that because we are in a lot of debt now, but my husband wasn't sleeping, eating or going out - I just thought, 'he can't go on like this.'

**In 2019, I started studying a full-time BA in Hospitality at Sunderland University alongside my part-time work.** I take evening classes remotely. They just told me that I didn't pass the end of year exam and I'll have to take it again - my written English isn't great, and I struggle with assignments. I dream of one day being a hotel manager, but there's a long way to go.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

**Covid-19 has been a disaster for us - we lost our earnings overnight.** Thankfully we did get a payment holiday from all our creditors, which was helpful. Our landlord was understanding and gave us a rent holiday, but we'll have to start repaying rent at a higher rate now - £1400 as opposed to £1200.

**We decided that our only option was to apply for Universal Credit.** I wasn't happy with that process at all - it took 6 weeks and was such a stress and headache. But when we found out how much we'd get, we were pleasantly surprised. £1800. That will at least cover rent and bills. I also applied for one of the government's Bounce Bank Business Loans, because I thought we could use it to pay off our high-interest debts - you get an interest-free loan for a year and after that the interest is only 2.5%. We didn't get it though. I was so angry and disappointed. The bank gave us no explanation - just a number to call if we wanted to complain. I didn't bother.

**We are considering what to do now** because the effect of the pandemic on our work is likely to be long-term. We thought maybe my husband could find a different job, but options are limited. He has a background in construction, but because he's in poor health - overweight and diabetic - he won't be able to do that kind of physical work now. If a second lockdown happens, I really don't know what we'll do.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings pre-Covid:

£4,700

£1,200 Receptionist and cleaning income

£3,500 Uber income

### Monthly in-goings post-Covid:

£3,600

£800 Receptionist and cleaning income

£1,000 Uber income

£1,800 Universal Credit

-23%

of income lost due to Covid

### Monthly outgoings:

£4,600

£1,700 Rent and bills

£500 Car and insurance

£1,000 Credit card and loan repayments

£1,400 Food, travel, other essentials for 4 people



In a financial crisis I would try to get money from somewhere. We don't have any friends or family who are in a position to help.



If I had £5000 I'd pay off some of my debts.

# Harriet 19

I'm a single Mum living in a 3-bedroom council house with my one-year-old daughter in a north-eastern English village.

"I panicked when lockdown first started and called my bank to cancel the direct debit for my loan repayments. But things are getting back to normal now."

## Protective factors



I want to save for my daughter. I have a savings account.



I try hard to keep costs down by shopping in cheap stores like Lidl and Iceland, rather than Asda or Tesco's.



I have a strong support network: family help with the care of my daughter.



My debt is almost paid off.



Childcare commitments are a barrier to me finding more stable work.

## Risk factors

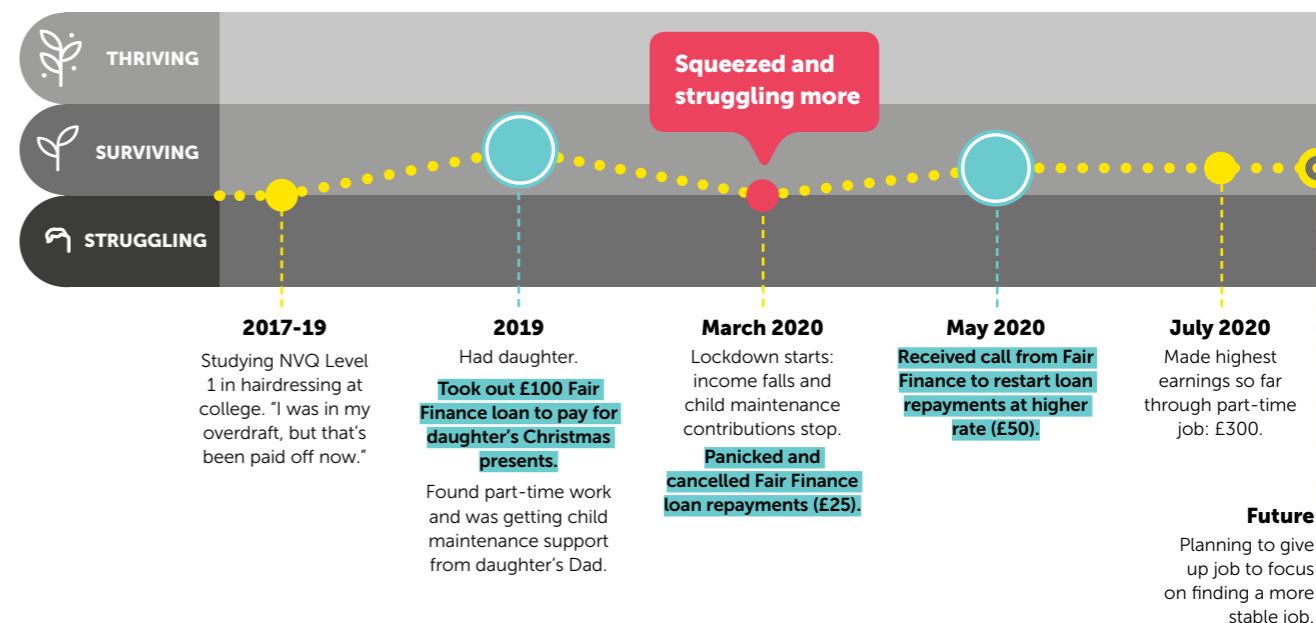


I never manage to save successfully.



Income through my job is unreliable and pay is low.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

### I'm always pretty stretched financially.

I'd love to save and I even have a savings account, but if anything goes into it, I always have to take it out again. There's always something that needs fixing, something that I need to get for the house, something that my daughter needs - always something that stops me from putting money away.

**When lockdown started, I panicked,** because the extra income I'd been getting from my job dried up - people were worrying about the impact that the pandemic would have on them, and I was struggling to sell any products. My daughter's Dad works as a salesman in the hotel industry and his work dried up too, so I was no longer getting maintenance contributions from him. I was worried that I wouldn't have enough to make ends meet, so I phoned up my bank to cancel the direct debit for my Fair Finance loan repayments.

**We managed to scrape through though,** and things feel like they're starting to get back to normal now. Next month I'll have paid off my Fair Finance loan in full, and last month, I made the most money I've ever earned through my job: £300. I just hope that things continue like this. As soon as I get a proper job, I'll start saving for my daughter, but until then there's no point in worrying about that.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

**£800 to £1,100**

£600 Universal Credit + child benefits after rent

£0-300 part-time job

£0 - £200 child maintenance support

### Monthly in-goings post-Covid:

**£600**

**-35%**

of income lost due to Covid



If I had £5000 I'd set up a savings account for my daughter.

### Monthly outgoings:

**£600 to £1,100**

£80 bedroom tax

£150 bills: electricity, gas, internet

£50 Fair Finance loan (£25 pre-Covid)

£120 food

£200-600 other essentials: travel, household, items for daughter



In a financial crisis I'd get another Fair Finance loan.

## ABOUT ME

**It's a quiet little village that I live in here with my daughter** - not a lot going on. I moved here 10 months ago because I wanted to be closer to family - especially my daughter's Dad and his family. He and I are no longer together, but we still co-parent, and I rely quite a lot on that help and support. When I moved to the village, the only council property that was available was this three-bedroom one. So basically I had no choice but to take this house, and now I have to pay £80 a month on bedroom tax.

**After rent is accounted for, I get around £600 through Universal Credit and child benefits,** and I have additional income from my part-time job, which varies from month to month. Before

my daughter came along, I did my NVQ Level 1 in Hairdressing at college, but I was finding it boring. It's just such repetitive work. Now I'm working as a direct seller for stores like The Body Shop and Avon - it's work that I can do from home, just trying to sell their products online to friends and that. The problem is, it's really long hours for low pay: I work on commission, and I only get £20 for every £60 of products sold. I really need something more stable so that I can start putting some money aside for my daughter, so I'm thinking of quitting this job next month and trying to find something more stable. I'm not sure what I'll do though, or how I'll work around my childcare commitments.

# Mary 65

I live alone in a one-bedroom flat in East London that is managed by a housing association. My two grown-up children live in America.

"The care home that I work in is empty. Everyone that I was looking after died of Covid-19."

## Protective factors



I am good at budgeting. I only buy what I need.



I get food parcels from my local church, and my brother sometimes wires me money.



I don't have any credit card or overdraft debt.



I put money into my savings whenever I can.



I don't currently earn enough money to make ends meet: £125 needs to last me for 2 weeks.



I took a £1,000 Fair Finance loan, then found out I couldn't afford to pay it back at the agreed rate.



My work is unstable and underpaid.



My phone and broadband bill is very high (£70) and I don't know why.

## Risk factors

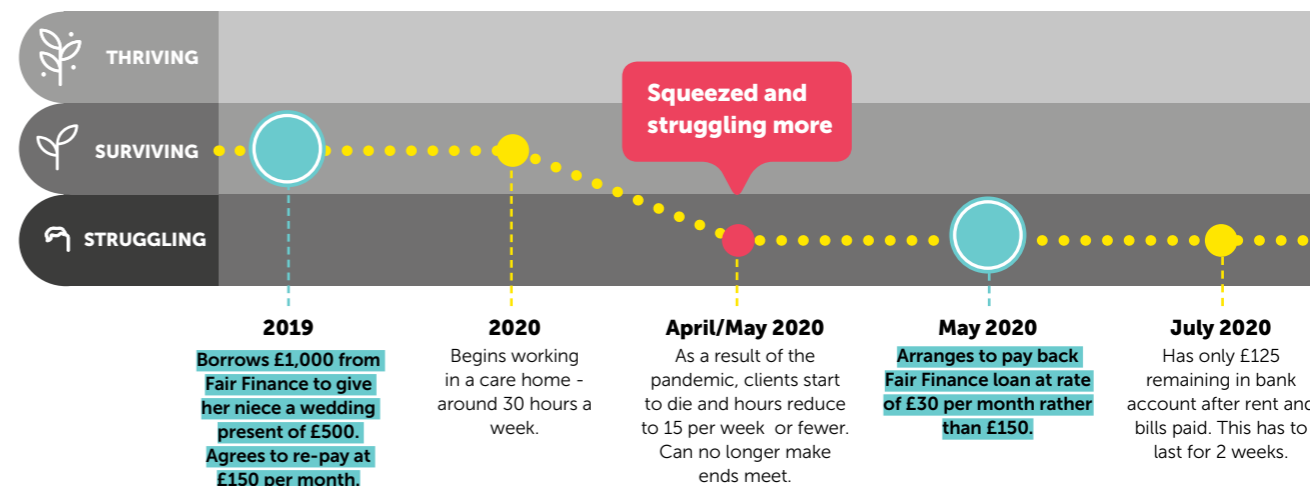
## ABOUT ME

I came to the UK over 40 years ago from Ghana, and I've been living in my current flat since 1998. I've been in this flat for so long that I feel it has become a part of me, and I've become a part of it. It's ok living here - it is owned and run by a housing association called Look Ahead. They are good at dealing with things when they break - they don't give me any hassle, and I'm lucky that the rent is so low: only £126.50 per month. That's a real blessing.

My two adult children live in the United States, along with the majority of my siblings. I have a large family, and that's often where my money goes: buying family members gifts. My niece recently got married for example, and I gave her £500: I wanted her to give her a good start in life.

For a long time I worked in catering, but for the past year I've been working as a care assistant in a local care home. The work is ok but it's a zero hours contract job and I am paid less than the London living wage, so I do struggle to make ends meet. I am hoping right now that my younger brother might give me some money. He has done that before, a few years ago - he just phoned me up out of the blue and said "I am worried about you - do you need money?" and he wired me over a few hundred pounds from the US. I think he might do that again, but I would never ask him for money - I will only take it if he offers.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

### When Covid came, it took all of my clients.

They were very old - mostly in their 80s and 90s. One was 104. Some were already quite sick. Covid-19 swept through the care home like an angry fire. The care home is almost empty now - imagine that! In just 4 months, it went from full to empty. I'm just praying that we get some more clients soon, because I get paid per client and I'm not earning enough now. I used to work 35 hours per week, and now I'm lucky if I get 15. Last month I only earned £700, and sometimes I earn even less. I know exactly how much is in my bank account right now - £125. I'll need to try to make that last for the next 2 weeks, until I am next paid.

I am feeling really squeezed financially, but what can I do? I'm old myself, so I don't think I could find another job. I just need to try to make the best of it and pray to God that things will be alright. Sometimes I struggle to buy enough food, but my local church gives out food parcels, and that is very helpful for me. I shop at the local market and in Iceland on the corner of my street, just buying only the very cheap things. When I was younger I used to love to go to the beauty parlour and get my hair and nails done - I was very vain, you know! I'm not able to be like that now though. I just have a few outfits and one good pair of shoes.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

**£1,000**  
income for 30h

### Monthly in-goings post-Covid:

**£500**  
income or less for 15h or less

**-50%**  
of income lost due to Covid



If I had £5,000, I would put it towards home improvements, give my grandchildren some money, and put some money aside for a rainy day.

### Monthly outgoings:

**£600**

**£126.5**  
rent

**£47**  
council tax

**£110**  
gas, electricity, mobile

**£70**  
phone and internet

**£30**  
Fair Finance loan

**£200**  
food, travel, other essentials



In a financial crisis I would hope my brother might give me money.

# Miguel 55

I live with my partner in a two-bedroom council flat in Stratford. My two grown-up daughters, 34 and 27, live elsewhere in London with their own children.

"The impact of the pandemic has been horrible. My partner and I were both furloughed; now we have both lost our jobs."

## Protective factors

Have good financial management habits - e.g. I save when I can, I pay for life insurance.

Know how to access help and advice through organisations like StepChange, Citizens Advice.

No credit card or overdraft debt yet.

Savings have run out.

Universal Credit won't meet basic expenses.

Already in rent arrears.

## Risk factors

## ABOUT ME

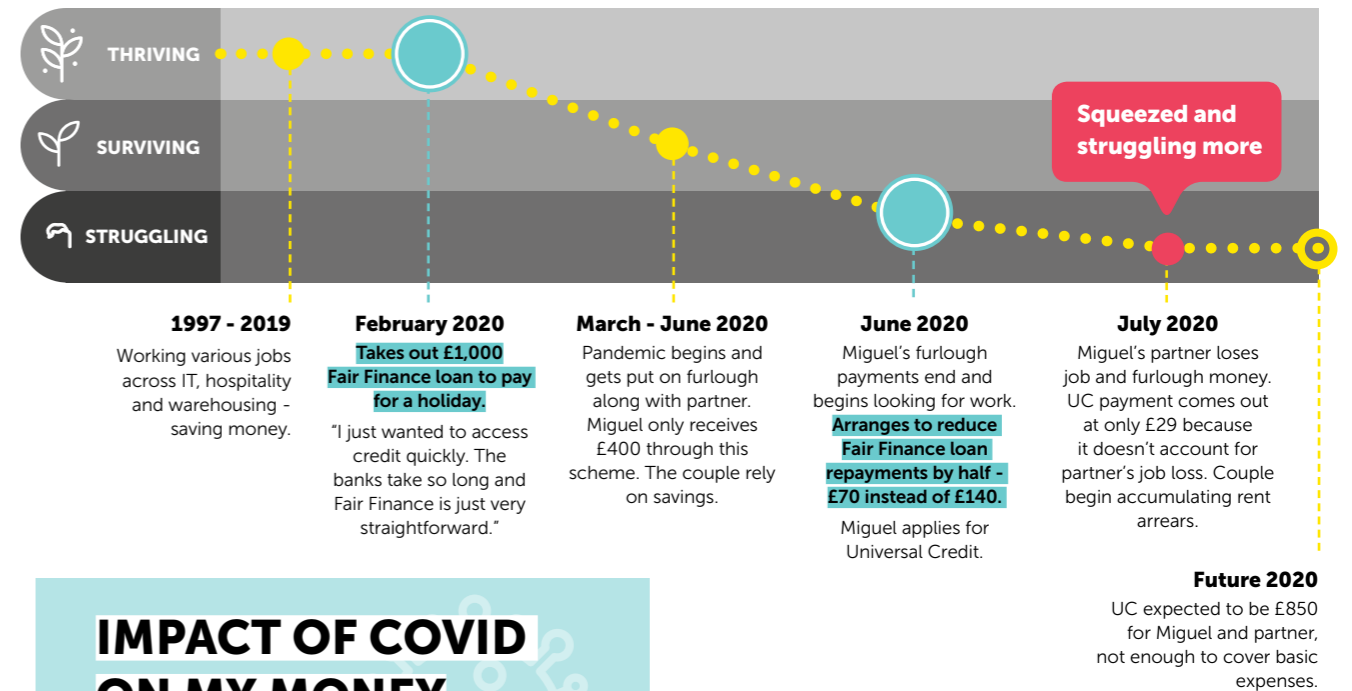
I am half Angolan and half Portuguese, and came from Portugal to London in 1997 for what was supposed to be a weekend holiday to visit a cousin; I've lived in the city ever since. At that time it was difficult to find work in Portugal and my cousin set me up with a job working in the IT department for Walt Disney, because I had a degree in IT and programming. I brought my daughters over to London and raised them as a single Dad after divorcing my first wife. We lived in this very block of flats. Life wasn't easy, especially because back then, Stratford was quite a grim place. It's really transformed since the 2012 Olympics - I've seen so many improvements in the area.

I worked for Walt Disney for 6 or 7 years, then I left that job and worked in hospitality for about 11 years, working for big companies like

Travelodge and Marriott Hotels. After that I fancied a change and worked for a couple of years helping to develop Argos's home delivery system. That was fun, but I realised that I missed hospitality, so I went back to that and ever since then I've just been doing hospitality work all over London, working on a contract basis to organise events for companies like Jamie Oliver restaurants.

I speak six languages, including French, Portuguese and English, so I've worked on and off as a volunteer interpreter for Newham Council, helping people to navigate services, like hospitals and the JobCentre. As a result I am well-informed about my rights regarding benefits, and I have contacts at StepChange and Citizens Advice that I can ask for advice. That's been a real help in the last few months.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

As soon as the pandemic started, my partner and I were both put on furlough; my partner is a chef. For some reason though, I was only getting £400 per month, whereas my previous earnings were between £1,600 - £2,200 per month. I'm still trying to appeal this with my employers; I'm not sure how they made this calculation. It was a torture being cooped up inside during lockdown in our block of flats, with no garden - like being in prison. I've been trying to manage my mental health more recently by taking cheap trips to places like Margate, and spending time with family.

Thankfully my partner and I had about 2 or 3 months of savings, which we've been living off along with the money that we were both getting through the furlough scheme. But as of last month, both of us have been made redundant, so we're no longer getting money through that scheme - and we've almost used up all of our savings. We applied for Universal Credit, but because at that time they were taking into account the fact that my partner was still on furlough, it came out that we were only eligible for £29 per month. Now that she's lost her job, they're going to recalculate it. We should be eligible for about £850 per month, but that's nowhere near enough to pay for us to live a normal life. We're already in rent arrears. I've applied for between 40 and 50 jobs, but no luck so far. I'm worried about the future, and especially the recession.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

**£3,000**

£1,500-2,200 my earnings

£1,800 partner's earnings

### Monthly in-goings post-Covid:

**£865**

Universal Credit for both me and my partner

**-70%**

of income lost due to Covid

### Monthly outgoings:

**£1,150**

£460 rent

£101 council tax

£21 TV license

£20 life insurance

£160 travel

£40 tobacco and pipe

£80 gas and electricity

£200 food

£70 Fair Finance loan

Pre-Covid would also include holidays, gifts and trips for grandchildren, savings, good-quality food

# David 46

I live with my wife and 3 children in a 2-bedroom private rental flat in Bournemouth. My children are aged 11, 8 and 3.

"For the first time ever, I've got £1,000 just sitting in my account [...] but with Covid I'm worried that maybe there's a time in the future when we'll be struggling more."

## Protective factors

My work and income are stable: there is plenty of demand for what I do.

I am financially and digitally literate: I know about what I should do to manage my money, and I use apps to manage my finances.

I am good at budgeting for food: I use the internet to compare prices of products before I buy them.

I have over £5,000 in overdraft, credit card and catalogue debt.

I buy too many gadgets from the Littlewoods catalogue. I pay £60 per month in catalogue debt.

## Risk factors

I don't save even when I have money to spare.

There is a gap between what I know about financial management, and how I behave.

## ABOUT ME

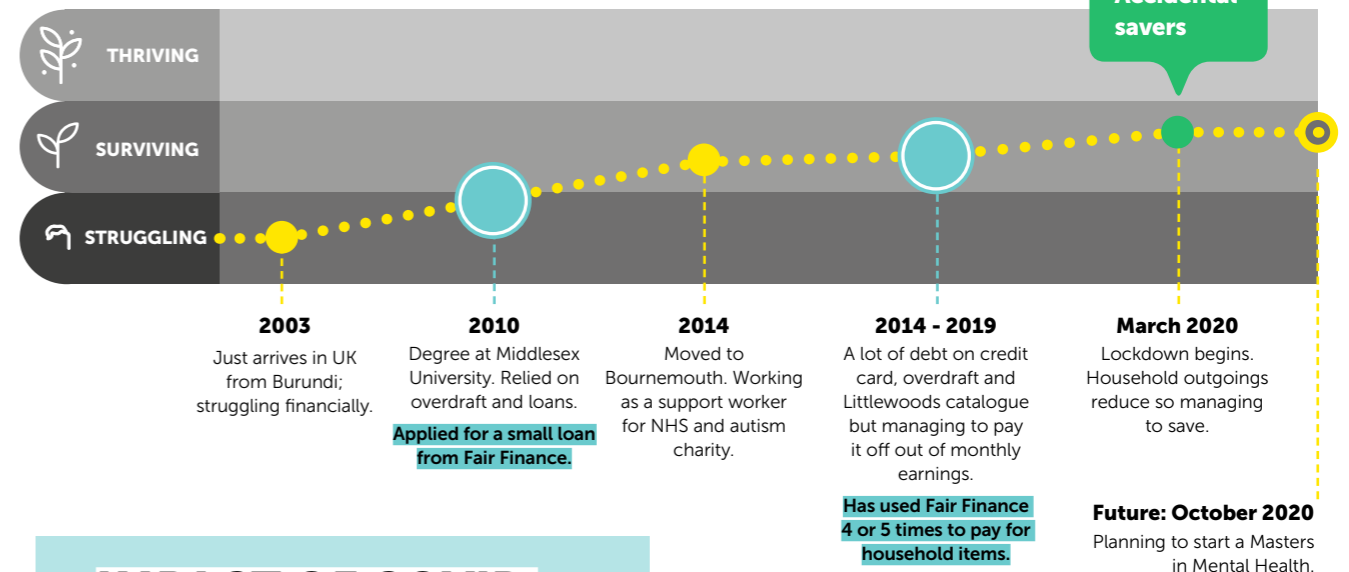
I am originally from Burundi, a small country next to Rwanda, and came to the UK in 2003, aged 29. I had a really tough time at first. I was on my own in London doing various access courses at Tower Hamlets college, and I didn't really have much financial backing. I had no money, and I remember one day running for the bus and twisting my ankle. I thought about packing everything up then, but I kept going and I eventually went to Middlesex University, where I completed my BA in Business Management.

In 2014 I moved to Bournemouth with my family. London was getting too much - the tubes, the buses, all the general rush - I don't miss

it. Since that tough time I had when I first came to London, life has been steadily getting better and better. Here in Bournemouth I work as a support worker for the NHS and for a charity that works with children with autism. There's plenty of work around.

I work on a zero hours basis, but that's my choice. My managers are always trying to get me to sign a permanent contract, but I've resisted that so far. It's important to me to maintain my freedom so I can help to look after my young family. I try to arrange things so that I work long 14-hour shifts on the weekends, because I get double pay then - that really puts a smile on my face!

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

I am not good with money - I am the kind of person who will buy something as soon as I need it, without worrying about the consequences. I know what I should do - I know I should save for example - but I never save, even though the option is clearly there on my phone: it would be easy. Still, this is how I am. I like to buy nice, good quality things too - I don't like cheap stuff. Growing up in Burundi, we didn't have very much - I only had one pair of shoes for example, always falling apart. Now I have lots of good quality pairs of shoes! I like to exercise my freedom with money, but it means I sometimes struggle because my ingoings and outgoings don't always match up.

During lockdown, we've actually benefited financially. For the first time ever, I've got £1,000 just sitting in my bank account. It's because we're not going out so much as a family, so I've got more control over what I'm spending - I've saved money on family outings and holidays. I've been thinking about using that money to pay off one of my overdrafts, but I'm really worrying about what's happening with Covid-19 - if there's a second lockdown, maybe there's a time in the future when we'll need that money more. As a support worker I've heard a lot of stories about Covid-19 - I know how bad it is. It's a killer disease. I've seen the effect it's had on people's mental health too, and that has made me want to pursue a career in this area: in September I'll hopefully be starting my MSc in Mental Health.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

£2,200

£2,000 income

£200 child benefits

### Monthly in-goings post-Covid:

£2,200

→ 0%

no change in income due to Covid, but expenses have reduced



If I had £5,000 I'd take the family on holiday.

### Monthly outgoings:

£2,000 to £2,200

£695 rent

£200 bills: electricity, gas, internet

£150 interest on 2 credit cards and overdrafts

£60 catalogue debt

£100 Fair Finance loan

£800-1,000 food, car maintenance, holidays, clothing for a family of 5



In a financial crisis I would get another Fair Finance loan.

# Connor 37

I am a single man living as a lodger in a house owned by a husband and wife and their two children in east London. I have two children, 10 and 7, who live down the road with their Mum.

"I've been giving my sister the money I've saved during the pandemic, so that I don't spend it."

## Protective factors



I have a sister who looks after my money for me.



I have only a few months to go before I've paid off my debt in full.



I have a stable job and a good pension.



I am keen to build a nest egg for my children.

## Risk factors



I don't trust myself with money and I have a history of gambling.



I have a very bad credit rating due to the need for debt consolidation 5 years ago.

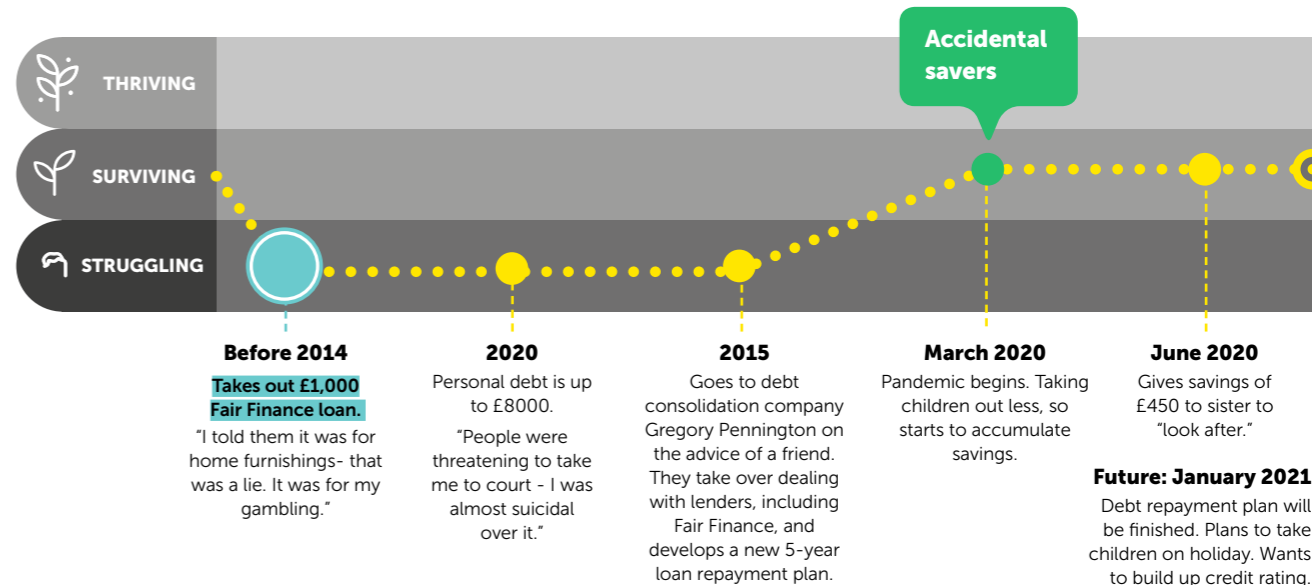
## ABOUT ME

**As a young boy living in run-down Galway City,** I used to spend my summers collecting periwinkles on the beach and then I'd sell them to the local cafes: that was my first experience of earning money. Moving to London was a shock to the system: it was big, overwhelming - for a long time I was homesick. In those days they used to let us come over to London with just our birth certificates. So I stepped off that ferry in 2003 without a bank account, without a passport - basically I only had the clothes on my back!

**I got a job working in William Hill and that was probably where my gambling and addiction habits started:** I would just spend money on whatever I wanted - I regret that now. 11 years ago

I started working as a street operative for the local council. It's ok money, stable, and there's a good pension - I'm sure I'll be doing this job for the rest of my life. Even after I started that job, though, my debt and gambling problems continued. About 4 years ago I realised I was in real trouble: my personal debt was up to £8,000 and I was getting all these threatening calls from lenders and court summons - I was almost suicidal over it. Everything changed when a friend of mine suggested I go to a debt management company, Gregory Pennington. They took over my debt repayments and started managing all those stressful interactions with my lenders. That was 4 years ago, and since then, I haven't missed a payment. In January 2021, I'll finally be debt-free.

## MY MONEY MANAGEMENT JOURNEY



## IMPACT OF COVID ON MY MONEY

**I haven't been affected by Covid in a financial sense:** thankfully I have a stable job, so my income has remained exactly the same. I have found that it has really made me think about the importance of family and my kids though. I have two children, 10 and 7, from a previous relationship and I still see them regularly: they live just 15 minutes down the road with their Mum. The pandemic has made me think that I really want to leave something behind for them. I'd like to save up for my own place, but I'd need a better credit rating. I'm thinking that, once I've paid off my debts, I'll try to get a credit card and just put my weekly shop on it. Failing that, I might take out life insurance.

**I think because I haven't been able to take my kids out so much during the pandemic, I've actually saved money for the first time in my life: £450!** I still don't really trust myself with money, though - I have a bad attitude to saving, because I once had a relationship with a woman who encouraged me to save money in a joint account, and when that relationship ended, I lost all that money - so that made me think: 'what's the point?' My strategy now is to give that money to my sister to look after in her bank account. I would trust my sister with my life: she's been a real rock throughout all this business with the debt. She'll keep the

money for me until I need it. I'm planning to take the kids on holiday - I thought Jamaica at first, but then I realised that was a bit unrealistic, so I've settled on Spain. We'll need a holiday after all this is over - something to look forward to.

## CURRENT MONEY HEALTH CHECKER

### Monthly in-goings

**£1,500**  
per month in income after tax and pension

### Monthly in-goings post-Covid:

**£1,500**

**→ 0%**  
no change in income but expenses have reduced due to Covid



If I had £5,000, I'd put some money aside and take my kids on holiday.

### Monthly outgoings:











**£1,500**










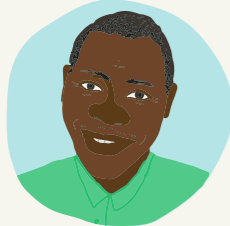

**£700** rent  
**£150** debt repayment plan  
**£100** travel to work  
**£150** food, cigarettes  
**£150** activities with the children and items they need  
**£80** laundrette  
**£200** other essentials



In a financial crisis I would ask my sister for help.

**Table 3:** Interactions with Fair Finance

	 How I heard about them	 Why I engaged	 What I did	 What I thought	 Would I use them in the future?	 What I need now
<b>Andreea</b> 	A <b>friend</b> recommended them to me.	My brother suggested that we buy a <b>gift for my parents</b> and split the cost between us. I had to take out a loan to cover that as I was already in my overdraft at the bank	I <b>phoned</b> them up and asked for a loan of <b>£300</b> which I paid back over 6 months. Then I asked for a second <b>£300</b> loan which I also paid off.	<p>It was all very <b>straightforward and quick</b>, and the interest rate wasn't too bad. For a £300 loan, I paid back £400 over 6 months.</p> <p>I found the interaction with Fair Finance over the phone quite <b>transactional</b> - it felt like they were just asking questions to check my eligibility, rather than being interested in my broader financial situation.</p>	<b>Yes</b>	I'd be interested in advice about what I could do to <b>pay off my credit card and overdraft debts</b> .
<b>Effia</b> 	I heard about them from a <b>friend</b> .	I needed to buy some <b>household items</b> - I don't have any savings so I needed to borrow money.	I visited their <b>branch</b> in person. I don't like managing my finances online.	I've always been <b>happy</b> with Fair Finance - I don't have any complaints.	<b>Yes</b> , if I needed to.	I don't feel the need for any help or advice.
<b>Selim</b> 	A <b>friend</b> of mine recommended them.	I was running a bit low on money and that was making me nervous - I've always liked to have money in my pocket. I just wanted something spare <b>in case of an emergency</b> .	I <b>phoned</b> them up and asked for a loan of about <b>£300</b> . When I'd paid that off, I asked for another one.	<p>It was very <b>quick and easy</b>. The <b>interest rate</b> is really reasonable - it's basically like having free money! My family would give me money if I really needed it but I don't want to bother them for smaller amounts. I'd rather go to Fair Finance for that.</p>	<b>Yes</b> I would.	I'm not sure if I'm <b>getting all of the benefits that I'm entitled to</b> . A friend of mine suggested I might be entitled to disability and sickness benefits because of my cancer, but I'm not going to go jumping through all the hoops that they make you jump through to get it. I had a friend who did that and they really put him through the wringer.
<b>Ana-Maria</b> 	Through a <b>friend</b> .	My husband is a Uber driver and relies on his car for work. We needed some <b>car repairs</b> . I had already engaged with them in the past for a smaller loan and was happy with that service. We were already in a lot of debt with our banks.	I <b>phoned</b> them up and asked for a <b>£1,000 loan</b> .	I really value the fact that I can <b>speak to Romanian staff</b> . I know it's not a great idea to use Fair Finance because the interest on the repayments is high, but I think it's manageable.	<b>Yes</b> , although they have offered me the chance to extend my repayments over a longer period and I don't really want to do that because I want to get that debt paid off.	I need <b>advice on how to access credit</b> so that we can consolidate our debts and pay less interest. I want to know what my husband's options are regarding <b>work</b> . I need support to decide whether it's best for me to <b>get my debt paid off quickly or to extend repayments</b> and pay more overall.

	 How I heard about them	 Why I engaged	 What I did	 What I thought	 Would I use them in the future?	 What I need now
<b>Harriet</b> 	I saw a <b>Facebook</b> advert.	I wanted to buy some <b>Christmas presents</b> for my one-year-old daughter.	I applied <b>online</b> for <b>£100</b> .	It was so <b>quick and easy</b> - the money was in my account later that day. The <b>interest rates</b> are really reasonable. My Mum has used other lenders that charged £300 for a £100 loan! I'm trying to persuade all of my family to use Fair Finance instead.	<b>Yes</b> I would. I imagine I'll take out another loan this Christmas to pay for more presents for my daughter.	<b>A more stable and well-paid job.</b> There's no point in me asking for further advice until I find a job and can get a bit more stability.
<b>Mary</b> 	I got a <b>leaflet</b> through my door advertising their service.	I initially took out a loan in 2014 or 15 because I was in <b>dire need</b> of some extra money. I've used them a few times since then.	Initially I visited their store, now I just <b>phone</b> up. In 2019, I borrowed <b>£1,000</b> to give my niece a wedding present, but that one has really squeezed me. I had to arrange a lower repayment plan.	They were very <b>understanding</b> about me needing to reduce the repayment plan. I've got no complaints - they don't give me any hassle.	If I was in dire need, then <b>yes</b> .	I need help to find out why my <b>broadband bill</b> is so high and to negotiate a lower price.
<b>Miguel</b> 	My daughter used them and recommended them to me.	We took out <b>£1,000</b> for a <b>holiday</b> in February 2020, but the money got used for other things when the pandemic happened.	I <b>phoned</b> them up. In June I made an arrangement with them to reduce my repayments from £140 to £70.	I'm very <b>impressed</b> with them. They called me up during the pandemic to ask how I was doing and what my needs were. I was so impressed with how <b>proactive</b> they were.	<b>Yes</b> , if I needed to.	I am putting my hopes into finding a <b>job</b> .
<b>David</b> 	First heard about them from a <b>friend</b> .	I was at <b>university</b> in 2014 and didn't have any money, so I applied for a small loan. Since then I've used them 4 or 5 times, most recently in 2019 to buy a new fridge and some other <b>household items</b> . I don't like asking friends for help.	The first time, I visited the <b>shop</b> in Elephant and Castle to provide them with identification documents. Since then I've just used the <b>online</b> service.	I like the fact that it is <b>smooth, straightforward and quick</b> .	<b>Yes</b> . They have offered me the chance to extend my loan repayment period but I want to get rid of that debt as quickly as possible.	I am financially comfortable, so if I were to ask for advice, I'd just ask for help about <b>how to effectively balance my studies with work</b> .
<b>Connor</b> 	I heard about them from a <b>friend</b> .	It was for my <b>gambling</b> , but I told them it was for home improvements.	Initially I <b>phoned</b> up and made an appointment. I took out a small loan first and then they offered me a top-up loan so I borrowed the maximum amount: <b>£1,000</b> .	They were easy to talk to, <b>understanding and non-judgemental</b> when I told them I was going onto a debt management plan, but their system of offering <b>top-up loans is unhelpful</b> for people like me, who can't resist the buzz of getting that extra money.	<b>I hope not</b> .	I'd like advice about how I can improve my <b>credit rating</b> and what options I have for building a <b>nest egg</b> for my children.