

christians
against
poverty

CAP

Stacked against

Revealing the breadth and depth of
vulnerability and the overwhelming
nature of multiple complex needs

March 2019

always hope.

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Method

The data used within this report is from a survey of 1,060 CAP Debt Help clients conducted by post and online between September and November 2017. This has been supplemented with information provided by CAP Debt Coaches and case studies of real CAP clients.

Acknowledgments

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As well as, Martin Coppack and Liz Thompson from the Lending Standards Board whose contributions and support more generally is greatly appreciated. And most of all we are incredibly grateful to Sara, Francella, Caroline, Ian, Tina and Leigh who have generously allowed us to feature their stories in this report.

About Christians Against Poverty

Christians Against Poverty (CAP) is a nationally recognised charity that works with over 500 churches to help the most vulnerable out of poverty across the UK. The services provided offer both practical and emotional support, are completely free and are available to all, regardless of age, gender, faith or background. Through a network of CAP Debt Centres, CAP offers a free face-to-face debt management service, with advice and ongoing support provided from head office. In addition to this, CAP provides face-to-face adult financial education across the UK with partner churches running the CAP Money Course. CAP also tackles the causes of debt and poverty through its group services, and runs CAP Job Clubs, CAP Life Skills Courses and CAP Fresh Start Groups.

It's time to go beyond the 'vulnerability' label

For 23 years, we have sought out those in the most vulnerable situations. People who have suffered knock after knock. People who are often overlooked, cut off and given up on by those around them. People who do not know where else to turn or how things will ever change.

Every day as we walk into homes across the UK to bring help and hope, we come face to face with heartbreaking and desperate situations. I am still shocked when I meet people, hear what they have been through and realise the enormous resilience they have to show simply to get through the day. Unimaginably difficult situations that seem endless and uncompromising.

There have been many reports that have done a fantastic job of defining vulnerability. With this report we want to build on the foundations that have already been laid, and present a glimpse into some of the hardest lives in the UK by sharing a picture of the people CAP reaches and walks alongside. Using data and real stories we want to show how circumstances interact to create situations in which vulnerability is intensified and more extensive support is needed.

I am still shocked when I hear what they have been through and realise the enormous resilience they have to show simply to get through the day.

On average, there are three vulnerability risk factors present in each household CAP visits. Yet, too often our understanding of vulnerability is simplistic. We need to take an all-encompassing view of how household circumstances, ill-health, disability, and personal difficulties create vulnerability. In doing this, we will illuminate the way that multiple factors combine to create situations in which customers have multiple and complex needs.

We want to show how circumstances interact to create situations in which vulnerability is intensified and more extensive support is needed.

When I meet people, I've been through and I see the resilience they have through the day.

Customers cannot be labelled and placed into silos. We need to understand the complexity of people's lives and ask questions to take us beyond labels because many people in desperately vulnerable situations will not fit our specific criteria. Ignoring a customer's vulnerabilities will have emotional and practical consequences for that person and, because financial products often operate over a long period, the implications of wrong choices can affect someone for a long time.

Understanding the wider situation that a customer may be facing and how this impacts their interactions with products and services will help us provide the best service that is in our power to offer. This cuts across all industries. On average, the people we help have eleven different debts. They are taxpayers, financial services users, energy and water customers. To avoid triggering or causing detriment, it is important that all interactions across the board are supportive and accessible.

It is time to go beyond the 'vulnerability' label. Whatever your position, you have a role to play in alleviating the challenges that are stacked against people in the most difficult situations. The Financial Conduct Authority (FCA) and Ofgem have left no doubt that firms need to show appropriate levels of care to their customers in vulnerable situations. Yet, CAP clients with five or more vulnerability indicators are over three times more likely to have considered suicide as a way out of debt than those without any.

Now is the time to act. But how?

- ✓ Empower your teams to step away from the script, and show empathy and flexibility
- ✓ Appreciate the scale of the challenges facing customers in the most difficult situations and offer the level of support they need
- ✓ Instigate collaboration across departments to make sure policies to support people work in practice, and products and services are inclusive by design

We have made a good start, but there is much more ground to cover and this report will help equip you do that. What's your next step?



A handwritten signature in black ink that reads "D Stobart".

Dawn Stobart
Director of External Affairs

Visiting 100 households in need of CAP Debt Help, you would meet:

Each year CAP visits over 8,000 households in the grip of problem debt. These visits give intimate insights into the daily reality that people endure in the darkest and most desperate times of their lives. The unpaid bills and debts are only the tip of the iceberg that CAP Debt Coaches come face to face with.

87

with one
or more
additional
difficulties

67

with two
or more
additional
difficulties

50

with three
or more
additional
difficulties

23

with five
or more
additional
difficulties

28

lone parents

42

unemployed

20

who suffered
childhood trauma

46

struggling with
mental ill-health

28

physical
disability

16

with an addiction

22

caring for
a loved one

20

seriously ill

22

struggling with
bereavement

14

who have been a victim
of fraud or financial abuse

11

affected by a
learning disability

9

completely
housebound

17

who have been
a victim of abuse

7

with a
terminal illness



Introduction

A look again at vulnerability

To effectively identify and offer support to people in need, it is key to understand what vulnerability means in real people's lives and interactions with key services. This report is not intended to duplicate the literature that seeks to define and explain vulnerability but to present the human face that often goes unseen at the other end of the phone.

It is not possible simply to divide society into 'the vulnerable' and 'the rest'. The wide variety of difficult situations people face means it is impossible for one word to do justice to the breadth of customers' experiences. Vulnerability is a complex and multi-dimensional concept, and this report seeks to take a step forward in helping us understand the nuance that lies underneath this label.

Moving beyond the simplistic

Generally, approaches to determining vulnerability have become broader and less prescriptive. However, too often our understanding remains simplistic and does not allow for a distinction in the differing levels of additional support that may be required over longer periods. This stems from approaches that seek to categorise and offer support in silos based on certain conditions or circumstances.

Instead there needs to be an appreciation of the differing levels of vulnerability, and flexibility to offer a greater level of support to those at the far end of the spectrum. This is done by taking an all-encompassing view of how household circumstances, ill-health, disability and personal difficulties create vulnerability. It means recognising that a combination of factors create situations in which customers have multiple and complex needs, and acknowledging the role emotions and poverty play in perpetuating difficulties and preventing interaction with lenders and services.

Multiple and complex

In taking a risk factor approach, the FCA suggests that multi-layered vulnerability should be taken as a sign that someone is 'particularly vulnerable'.¹ Using 1,060 responses to CAP's annual client survey, this research uncovers the difficulties CAP clients are faced with, the multiplicity of these, and how they interact. In showing the common patterns of characteristics and circumstances that typically present together, we gain a more complete picture of the vulnerability landscape.

In this report:

1 *Hidden depths* p10 - p17

Section one explains why understanding the multitude and complexity of issues is vital to do justice to the most severe vulnerable situations people face, and considers two key factors that restrict and compound people's ability to contend with personal and financial difficulties: emotions and poverty.

2 *Beneath the surface* p18 - p29

Section two presents the unique dynamics of specific difficulties and shows the interaction between these.

3 *Moving forward* p30 - p33

Finally, section three sets out the existing theoretical framework in which vulnerability is understood as a basis to then explore where our approach to vulnerability could be applied in a more sophisticated way.

Throughout the report are real stories from people CAP has helped, which provide important insights into what it is like to go through and experience situations of intense and enduring vulnerability.

1] University of Bristol, FLA, UKcards (2017) Vulnerability: a guide for debt collection, 21 questions, 21 steps

Gareth

CAP Debt Coach, Bradford

'Day in, day out I see how debt is never found in isolation. There are always other things at play. People don't know where to start so they bury their heads in the sand. To be honest, sometimes I don't even know the best place to start, but I've come to learn that it's about treating each person I visit as an individual, and slowly the picture starts to become clearer.

I remember visiting a lady last Christmas; her name was Karen.¹ I turned up at her house and it took her a while to get to the door. She opened it in her night gown; she had a walking stick and most of her hair was missing. Debt was clearly not the only issue affecting this beautiful lady. We sat down and I asked her about her situation. She broke down instantly. We spent three hours with Karen that day just listening, giving her tissues and taking note of the different things coming up.

One of the best parts of my job is bringing light into a dark situation, being able to say, "We are here to help you, you don't need to worry about that anymore". You can physically see the relief dropping off, their fear leaking away.

It's never just a debt problem

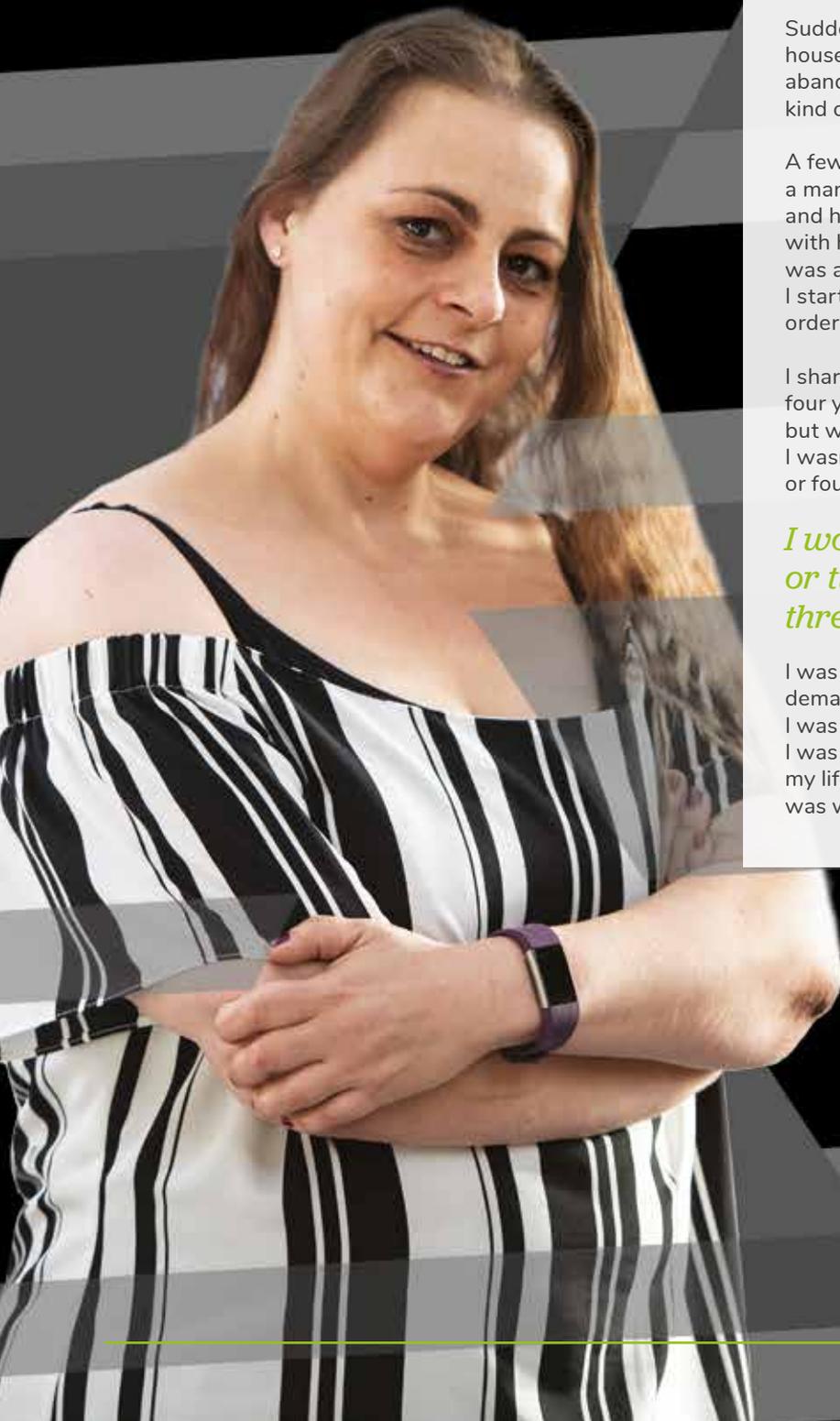
Karen's husband had suddenly passed away and she was left in a lot of debt. That wasn't the only problem though. She had been diagnosed with cancer and was pretty much housebound. Her family had all recently moved away, so her support network was non-existent. She was facing eviction, she had barely any food in the cupboard and she spoke of feeling suicidal. It's never just a debt problem.

It's situations like these that break my heart; people who trust no one and have lost all hope. The people I visit can often be initially quite wary of CAP. They're not sure why we would bring them a food shop or spend time helping them, but it's so good seeing people learn to relax, de-stress and trust that we are on their side.

It's a privilege to be invited into homes, just like Karen's, and start to give someone a new hope, being able to bring clarity to a situation and a route out of the circumstances they feel trapped in. CAP removes a huge burden off people's shoulders, and they can finally breathe again.

We gave Karen a Christmas hamper, which helped tide her over until the next visit. I then made sure she got the help she needed to get the right benefits and applied on her behalf for a grant for her husband's funeral. It's simply about helping people tackle one problem at a time and giving them hope things can be different.'





Hidden depths

Sara's story

'Soon after I got married my health took a dive. I had a problem with my spinal cord and had to have a big operation. Initially I couldn't walk or control my toilet functions, which meant I couldn't work and had to leave my job.

It hit us hard to lose my wage, but because I had been working for a bank, I was able to access a loan at base rate. My husband encouraged me to take as much as I could. However, it all became too much for him; the financial strain, me being newly disabled, it led to our marriage breaking down.

Suddenly I had lost my job, my husband and my house. Those people in my life that had loved me just abandoned me – which is why I started looking for any kind of love in the wrong places.

A few months later, when my back had improved, I met a man at the Jobcentre. He could tell I was vulnerable and he basically groomed me. I started hanging out with horrible people, in horrible places. Our relationship was abusive, it was him who led me to the drugs. I started going without food and pawning items in order to buy drugs.

I shared custody of my son with my ex. He was only four years old and it was alright when he was with me, but when he went to his dad's I would self destruct. I wasn't eating or turning the heating on for about three or four years.

I would self-destruct. I wasn't eating or turning the heating on for about three or four years

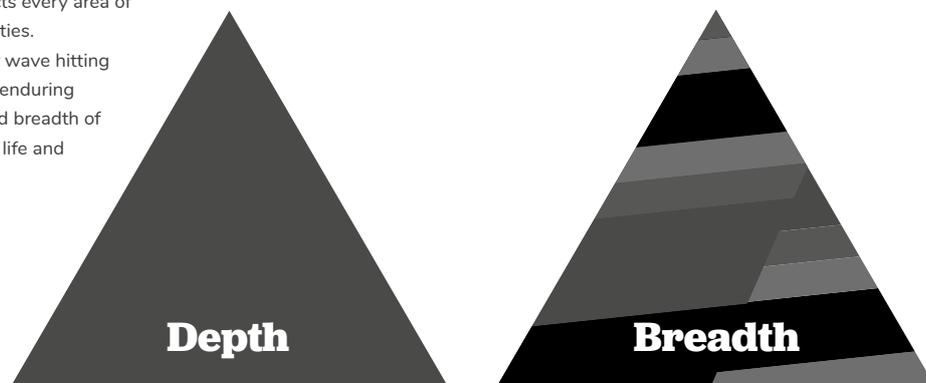
I was getting letters, big red sheets of paper with demands that tried to scare you. I was an absolute mess. I was terrified to go outside, or even open the windows. I was about to give up hope, I even thought of taking my life. There was no way out. Luckily I had my son – he was what kept me going.'

The overwhelming nature of multiple complex needs

Depth or breadth

In the same way that the consequences of having a very complex need, such as an addiction or severe learning disability, impacts every area of someone's life, so too does facing a multitude of difficulties.

This experience is often overwhelming, with wave after wave hitting over an extended period, leaving someone in a state of enduring vulnerability for a long period. In this way, the depth and breadth of issues affecting a person determine the impact on their life and the level of vulnerability that results.



On average, each household visited by CAP is facing three additional personal difficulties on top of debt crisis

For the vast majority of households supported by CAP, debt is just the tip of the iceberg. Ill-health, relationship breakdown, bereavement and job loss are all not only common causes of financial crisis but symptoms as well. It is not, therefore, surprising that almost nine in ten (87%) of the households visited by CAP are experiencing an additional personal difficulty on top of their debt problems.

Yet, all too often the circumstances CAP clients face are not simple, manageable problems, but overwhelming and all-consuming. A clear example of this is one man CAP helped who suffered with several physical illnesses: back pain, arthritis in his knees and diabetes that rendered him disabled, as well as severe mental health conditions, including schizophrenia and paranoia. Even with the assistance of a support worker, his day to day life was so challenging that it was a struggle to maintain contact with CAP and keep track of his financial affairs.

While every household in debt could be deemed to be vulnerable to some extent on account of their financial difficulty, those visited by CAP are, on average, also facing three additional personal difficulties.² Most commonly this is a combination of mental ill-health, unemployment and physical disability. Interestingly, despite being used as a common risk factor, the existence of multiple difficulties is not affected by age.³

On top of financial crisis:

87% of CAP clients have at least **one** additional difficulty

67% of CAP clients have at least **two** additional difficulties

50% of CAP clients have **three or more** additional difficulties

It is both the multiplicity and the scale of the challenges a person is facing that determine the level of support they require. For instance, like many supported by CAP, one lady sought help with debt after her relationship broke down. Her level of need increased significantly when her ex-partner became threatening and police involvement was required. This was an incredibly complex issue as she and her young children lived in a house jointly owned with her ex-partner, resulting in her being signed off work and even attempting suicide.

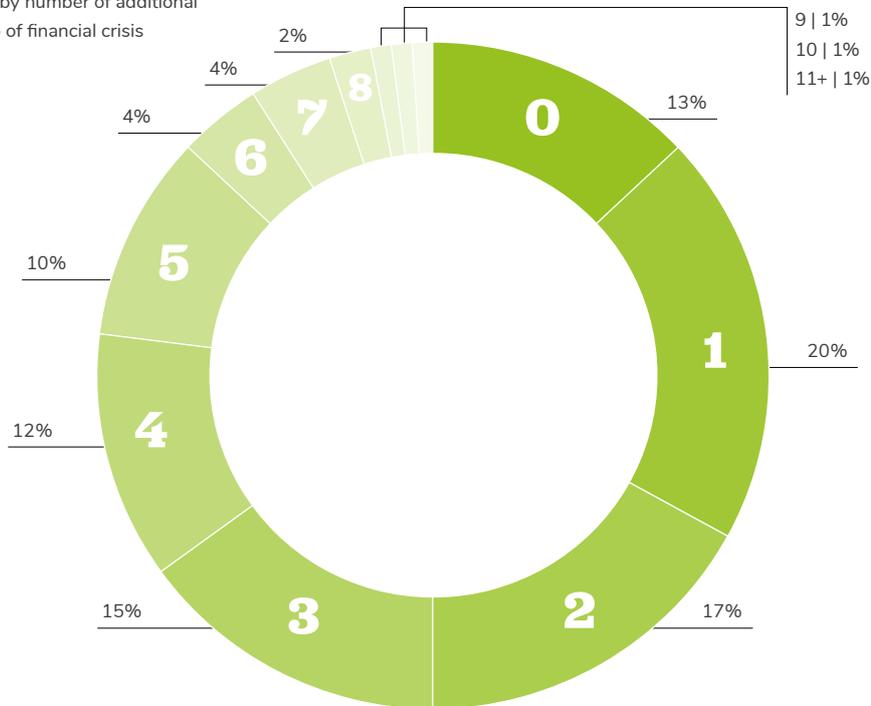
Households are often pushed to the far end of the spectrum where they have multiple or complex needs, and while certain situations are well known companions to problem debt, each personal situation has its own unique dynamics and will evolve over time. As such, households can need extra support to a lesser or greater extent, and the level of need can change over time, as well as persisting indefinitely.

² | While not a fully encompassing list, for the purposes of this research the following additional difficulties have been considered household circumstances (lone parent, unemployment, housebound), ill-health and disability (serious illness, terminal illness, physical disability, learning difficulty, mental ill-health) and difficult personal circumstances (addiction, victim of abuse, victim of fraud/financial abuse, suffered childhood trauma, caring for a loved one, struggling with bereavement).

³ | All age groups (18-25, 26-40, 41-60 and 61+) average three additional difficulties on top of their debt problems.

Level of multiple needs

Breakdown of CAP clients by number of additional difficulties they face on top of financial crisis



Most common pairings

Where CAP clients face more than two additional difficulties to their debt problems, the most common pairings are show below, organised by the percentage of the sample affected by both.⁴

20%+	Unemployment and mental ill-health
15% - 20%	Physical disability and mental ill-health
	Unemployment and physical disability
	Suffered childhood trauma and mental ill-health
	10% - 15%
Struggling with bereavement and mental ill-health	
Caring for a loved one and mental ill-health	
Serious illness and mental ill-health	
Unemployment and suffered childhood trauma	
Serious illness and physical disability	
Lone parent and unemployment	
Unemployment and caring for a loved one	
Serious illness and unemployment	
Mental ill-health and victim of abuse	
Unemployment and struggling with bereavement	
Addiction and mental ill-health	
Unemployment and victim of abuse	

Most common trios

Where CAP clients face more than three additional difficulties to their debt problems, the most common trios are show below, organised by the percentage of the sample affected by all three.⁵

10%+	Unemployment, physical disability and mental ill-health
	Unemployment, mental ill-health and suffered childhood trauma

4 | These pairings affected more than 10% of the sample; 253 unemployment and mental ill-health (24%), 187 physical disability and mental ill-health (18%), 169 unemployment and physical disability (16%), 160 suffered childhood trauma and mental ill-health (15%), 154 lone parent and mental ill-health (15%), 146 struggling with bereavement and mental ill-health (14%), 141 caring for a loved one and mental ill-health (13%), 140 serious illness and mental ill-health (13%), 137 unemployment and suffered childhood trauma (13%), 127 serious illness and physical disability (12%), 125 lone parent and unemployment (12%), 121 unemployment and caring for a loved one (11%), 116 serious illness and unemployment (11%), 116 mental ill-health and victim of abuse (11%), 115 unemployment and struggling with bereavement (11%), 113 addiction and mental ill-health (11%), 107 unemployment and victim of abuse (10%).

5 | These trios affected more than 10% of the sample; 117 unemployment, physical disability and mental ill-health (11%), 107 unemployment, mental ill-health and suffered childhood trauma (10%).

The weight of emotions

Francella's story

'My struggles really began when my husband went into hospital. He was really ill and wasn't in long before he sadly passed away. I thought my husband had put something to the side in case something happened to him – I wasn't expecting to be in debt. I was left with everything to pay. I couldn't keep up with the bills, so I started to borrow money.

I really struggled with the grief and I could never sleep, it was constantly on my mind. It put a lot of pressure on my family, and they walked away from me. It was so hard. I'd think, "How am I going to do this for the rest of my life?" I wouldn't wish it on anybody, it's too much.

I could never sleep, it was constantly on my mind

I had kids to feed, bills to pay and it was really stressful. I couldn't afford things for the kids, they'd always come home from school asking about activities and I'd have to use the rent money. I had no money for food either. It was weighing me down. I was falling back every week on my rent and getting into arrears. I didn't know if I would ever get out of debt.

It was depressing. There was no stability. I didn't know what to do, I didn't know where to go or where to turn to. I would lie awake and think "Where can I get help? Will I ever pay my debts off?". It was overwhelming.

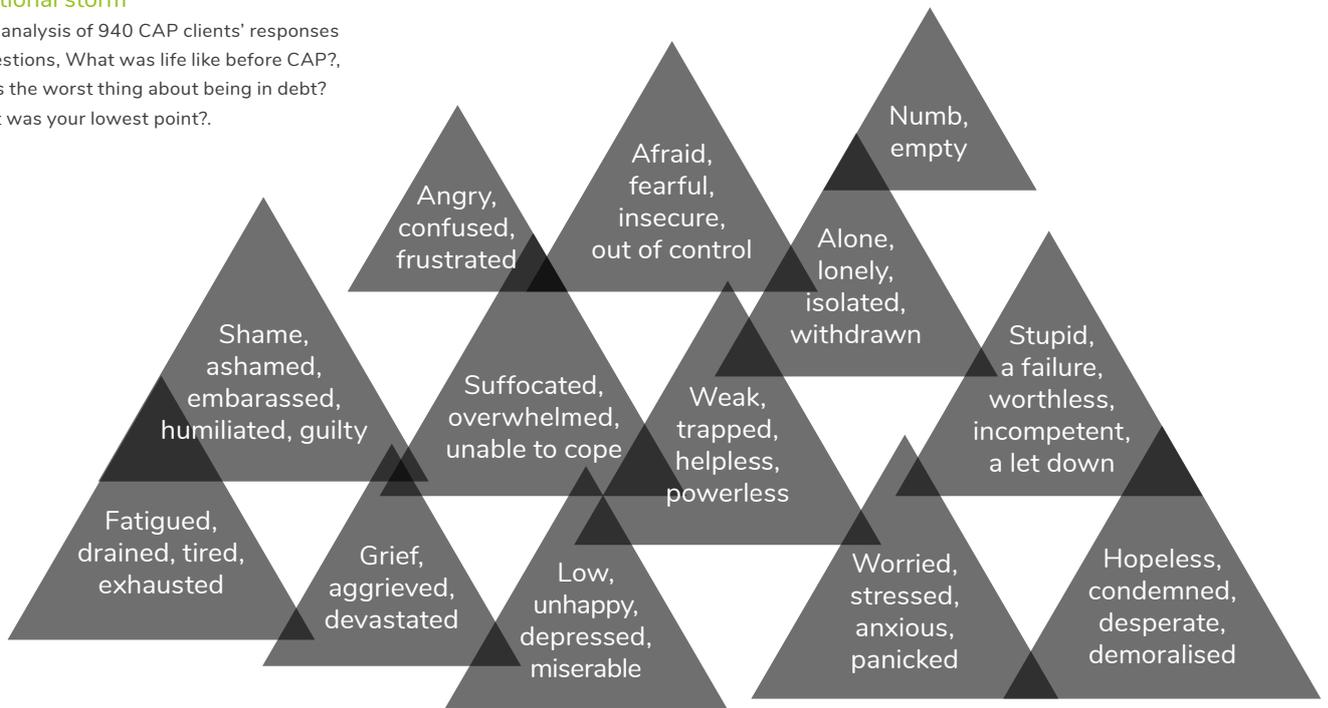
I was always stressed thinking about where to get the money from. I was thinking about borrowing from people and putting myself further in debt. The debts took over my body and anxiety kicked in. I have high blood pressure and I would often get short of breath, not able to breathe. I was helpless, it was just one thing after the other.'



The weight of emotions

An emotional storm

Thematic analysis of 940 CAP clients' responses to the questions, What was life like before CAP?, What was the worst thing about being in debt? and What was your lowest point?.



51% of CAP clients with five or more different vulnerability indicators have considered or attempted suicide

To truly understand vulnerability we need to consider how someone is feeling in the midst of the challenges they are facing. The difficulties a customer is facing may have a considerable impact on their emotional reaction, preventing them from acting or engaging as expected.

The variety of emotions experienced during difficult times may give rise to different support needs amongst people experiencing the same circumstances. This is not only true for mental health conditions which have strong implications on a person's mood, such as depression or anxiety, but more broadly speaking for the whole range of emotions that we all experience as we face challenges and uncertainties in our lives.

It is well known in debt advice that financial problems cannot easily be separated from the emotional weight that is attached to them; unless the anxiety and fear created by being in financial crisis is acknowledged and overcome, purely financial solutions can make little headway.

Analysis of 940 CAP clients' responses to questions about their life and situation before help found over 1,250 references to the emotional toll of being in debt and associated personal struggles.⁶ Most commonly these related to feeling stressed, worried or anxious, afraid and depressed.⁷

Often the words used were incredibly strong, such as humiliated, condemned or suffocated, and even when referring to feeling numb or void of emotions. There was also frequent reference to how constant these negative feelings are, and it was clear that this was then debilitating in day to day life, causing deterioration in self esteem and confidence, as well as affecting feelings about the future.

6 | 940 responses to the questions 'what was life like before CAP?', 'what was the worst thing about being in debt?' and 'what was your lowest point?' were analysed.

7 | Most commonly referenced emotions: worried or anxious (294), stressed (281), afraid (156), depressed (138), isolated or alone (77), ashamed (61).

Adding to the impact

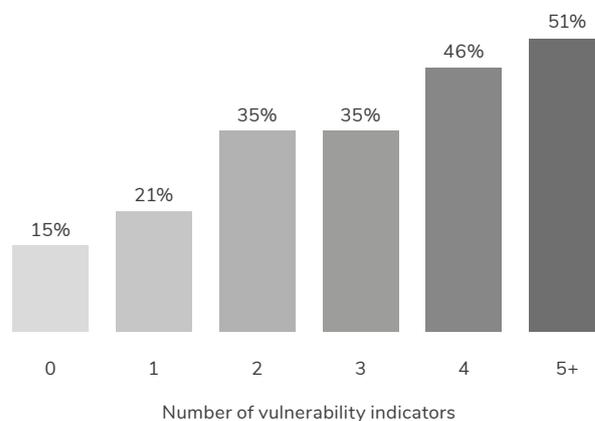
It is prominent in definitions of vulnerability that emphasis is placed on how a condition, characteristic or circumstance impacts the person. This should not only be in terms of practical implications, but also how the person is made to feel by these circumstances and the burden this places on them. Even where the impact of a condition or situation might appear on paper to have a limited impact, if the emotional weight is significant to the individual, the implications will be much larger.

For instance, one CAP client sustained minor injuries from a car accident, but because he had become depressed and developed an alcohol dependency after being made redundant he had been evicted and was living in emergency B&B accommodation. The consequence of missing the night curfew due to visiting A&E led to him being evicted again and the depression meant he could not contend with explaining that there had been exceptional circumstances.

The same is true for additional challenges that may appear trivial but that weigh heavily on someone who is already in a negative emotional state. This is especially true where there are mental health problems at play. For instance, for someone already feeling depressed a small setback can have a much bigger impact, like one client who was pushed to suicidal ideation due to a new attachment of earnings being put in place (whereby the client's employer receives a court order requiring them to set up a deduction from the employee's wages to repay the debt). This can be observed more broadly in the increasing proportion of CAP clients who report considering or attempting suicide as the number of vulnerability indicators increases.

Considered or attempted suicide as a way out of debt

Proportion of CAP clients who considered or attempted suicide as a way out of debt compared with the number of additional difficulties they face on top of financial crisis



Warning signs

The emotional burden or reaction of a customer may be more apparent than the factors creating the vulnerability, and maybe the first indication that something is wrong. In some cases the emotional reaction may even seem mismatched. For instance, one CAP client would react with anger and aggression towards enforcement agents due to mental health problems that meant he could not communicate in a more constructive way when under stress. It is also often observed that a high volume of complaints come from customers in vulnerable situations who have not received the support they needed in other areas.



Liz Thompson

Head of Compliance,
Lending Standards Board

'As part of the Lending Standards Board's (LSB) vulnerability review I wanted to gain firsthand experience to understand what vulnerability actually looks like. I'd listened to calls before but sometimes that doesn't give you a full picture of the customers' circumstances, so I jumped at the opportunity to go on a home visit with CAP.

As we pulled up to the house, you could see even from the outside that it was in need of some tender loving care, which made me wonder whether the inside would be in the same condition. The house was small, with only two rooms downstairs. There were homely touches, like family photos and a collection of bird ornaments, but everything just looked a little tired, the furniture a little old.

The client had found herself in debt after her husband passed away. She got behind on the mortgage and ended up with other debts such as bank loans and an overdraft. She hadn't received much in the way of insurance pay out when she lost her husband. It wasn't just the debts; her eldest son was agoraphobic and wouldn't leave the house so she was trying to get him counselling. As she told us her story, getting upset at times, I just wanted to get up and hug her, tell her it was all going to be okay.

One part of the visit that remains with me still to this day was when she admitted they were all only eating one meal a day. I've heard on the news and read in the papers stories of families not able to afford food, but until you are sat in front of someone in this situation, it doesn't feel quite real. The Debt Coach offered to bring her a food parcel the following day, but she wouldn't accept it as she knew her sons would be really embarrassed. It was really hard to watch. After some time, the Debt Coach persuaded her to agree to the food parcel, saying that they didn't need to tell anyone.

The visit reminded me of how important it is to make sure you understand the whole situation and don't always just take things at face value

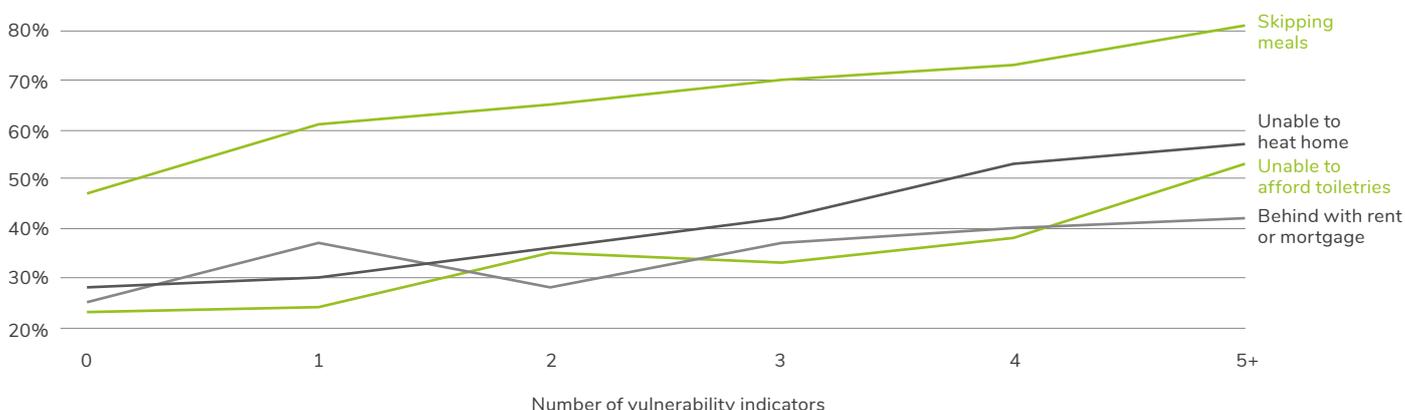
Having been involved with lots of creditor reviews, I know all about their processes and what creditors need to do. However, the visit reminded me of how important it is to make sure you understand the whole situation and don't always just take things at face value. That's what I think CAP does best, they aren't just there to help with the debts, but they address the full situation, across all aspects of where support is needed.

When I talk to firms, or conduct reviews, I can now draw on real life experience. This helps bring to life what the LSB is trying to achieve in the area of consumer vulnerability.'

Is living in poverty a vulnerability?

Unable to afford basic living needs

Proportion of CAP clients who were unable to afford heating, food, toiletries or rent/mortgage payments compared with the number of additional difficulties they face on top of financial crisis



CAP clients with five or more different vulnerability indicators are twice as likely to be unable to afford their basic living needs than those without any

The interaction between affordability and vulnerability also cannot be ignored. While the presence of vulnerability does not guarantee financial difficulty will be present, vulnerable circumstances often have a financial impact. This could be because of a temporary income shock, such as experiencing a relationship breakdown or job loss, or a situation of chronic low income.

A self-perpetuating cycle

Too often this is a self-perpetuating cycle and the deprivation and constant financial worries that come from living in poverty erode wellbeing and resilience. For example, one unemployed couple helped by CAP could not afford the internet at home and had to travel four miles to sign on, and search for work on the library computers to avoid being sanctioned. Arthritis in their knees meant they could not walk, and the cost of public transport was £52 a fortnight. This made the struggle of living on an already low income more difficult and they cut back on heating to pay for this, which in turn exacerbated the arthritis.

Financial crisis takes its toll both emotionally and physically on someone. 73% of people helped by CAP say debt made them ill and 35% have considered or attempted suicide as a way out of debt. This then sees someone's level of vulnerability intensified further, for instance no longer being able to work due to the stress.

Financial impact of vulnerability

Many people have a reduced capability or capacity to manage their finances when in a vulnerable state. Vulnerable circumstances can also mean someone is less resilient to financial shocks. 96% of CAP clients with a vulnerability indicator did not have access to savings when first facing financial difficulty. The graph above shows how those with characteristics or circumstances that suggest they are vulnerable are more likely to be experiencing severe financial hardship.

In particular, living on a precarious income can leave someone vulnerable to an acute income shock, which in and of itself can leave people in desperate situations, but can also be caused by the wider difficulties they face. One single mother of three helped by CAP had her benefits suddenly stopped due to a change in circumstances that meant they needed to be reassessed. She was told that this could take up to 16 weeks and her low wages would not cover the bills during this period. As she suffered from bipolar disorder, she struggled to keep things level over this time.

When living in poverty the pressure of not having enough is ever present. This weighs heavily on someone as they constantly worry about how to put food on the table, buy nappies for their child or keep up with essential household bills. The intensifying relationship between vulnerability and poverty can be seen in the dramatic increases in the proportion of clients who cannot afford basic living needs as the number of vulnerability indicators increases. Most strikingly the proportion who are forced to skip meals jumps from 47% of those without a vulnerability indicator to 61% of those who have one indicator, and then to 81% of those who have five or more.

Beneath the surface

Exploring the interactions

Understanding vulnerability as a dynamic spectrum that encompasses an extensive range of situations moves us away from a tick-box approach to identifying extra support needs. The challenge is understanding how situations have a combined effect on someone's life and wellbeing.

This section discusses the dynamics of specific vulnerability indicators in three categories: ill-health and disability, household circumstances and personal difficulties. It is not intended to provide a fully encompassing list but to show the most common connections between difficulties frequently experienced by CAP clients.

Most people do not fully share with lenders and service providers the wider situations they are facing, either because they do not understand why it is relevant, do not want to or feel uncomfortable. Awareness of typical interactions between these circumstances allows us to ask broader questions and appreciate what else might be going on behind the scenes.

In this section:

Ill health and disability p20

- ◆ Mental ill-health
- ◆ Physical disability
- ◆ Serious or terminal illness
- ◆ Learning difficulty



Household circumstance p23

- ◆ Unemployment
- ◆ Lone parent
- ◆ Caring for a loved one
- ◆ Housebound and isolated

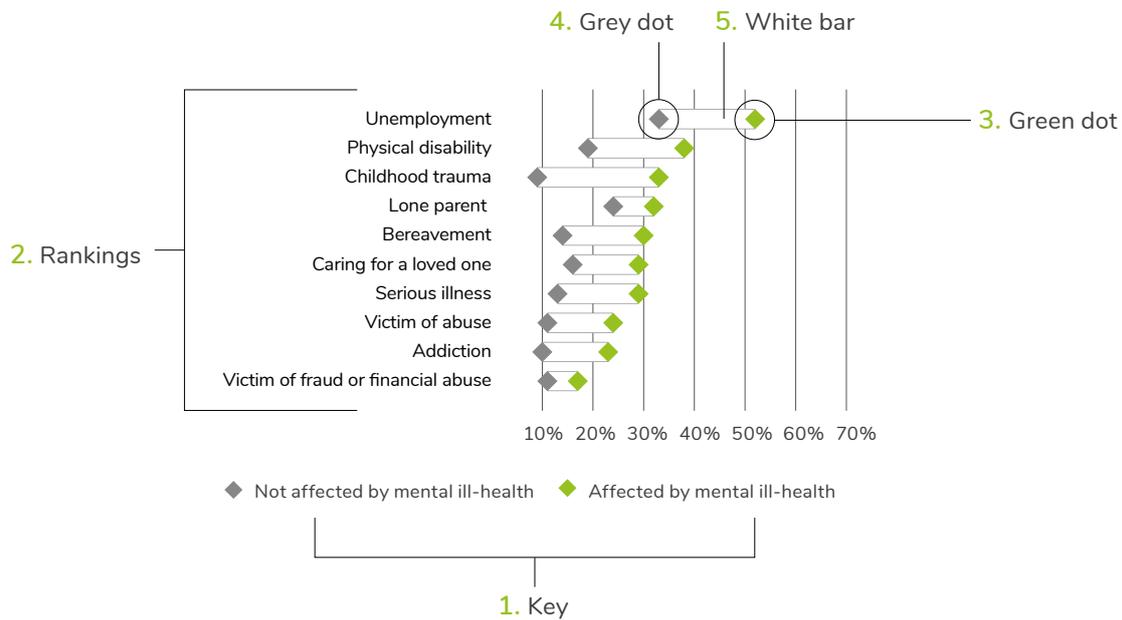


Personal difficulties p26

- ◆ Bereavement
- ◆ Suffered childhood trauma
- ◆ Victim of abuse
- ◆ Victim of fraud or financial abuse
- ◆ Addiction
- ◆ Family breakdown



How to read the graphs in this section



Each headline vulnerability indicator discussed in this section (i.e. mental ill-health or unemployment) has a graph showing the top ten additional difficulties CAP clients with the headline vulnerability indicator also face. This shows the extent to which these difficulties occur together and where clients affected by one indicator are also more likely to be facing other situations. The key elements to take note of when looking at these graphs are:

1. The key shows which headline vulnerability indicator is being compared in the graph. In this example CAP clients have been divided by whether or not their household contains someone with mental ill-health.
2. The ranking of the additional difficulties shows which most commonly occur amongst clients that are affected by the headline vulnerability indicator. The first affects the largest number of clients and the tenth the smallest.

3. The green dot shows how common each additional difficulty is amongst those who are affected by the headline vulnerability indicator. In this case it marks the proportion of CAP clients who face each of the additional difficulties in addition to their mental ill-health.
4. The grey dot provides a comparison point, showing the proportion of CAP clients who are not affected by the headline vulnerability indicator that are still affected by each additional difficulty.
5. The white bar between the dots shows the scale of the difference between the two groups being compared. It shows whether the additional difficulty is common amongst both groups, or much more likely where the headline vulnerability indicator is present. A longer bar shows an increased likelihood to also face the additional difficulty when headline vulnerability indicator is present than when not.

To see data tables for the graphs in this section please visit capuk.org/stackedagainstdata

Ill health and disability

Caroline's story

Caroline has long term mental health issues and learning disabilities as result of an accident when she was a baby. She was then a victim of fraud which left her in debt.

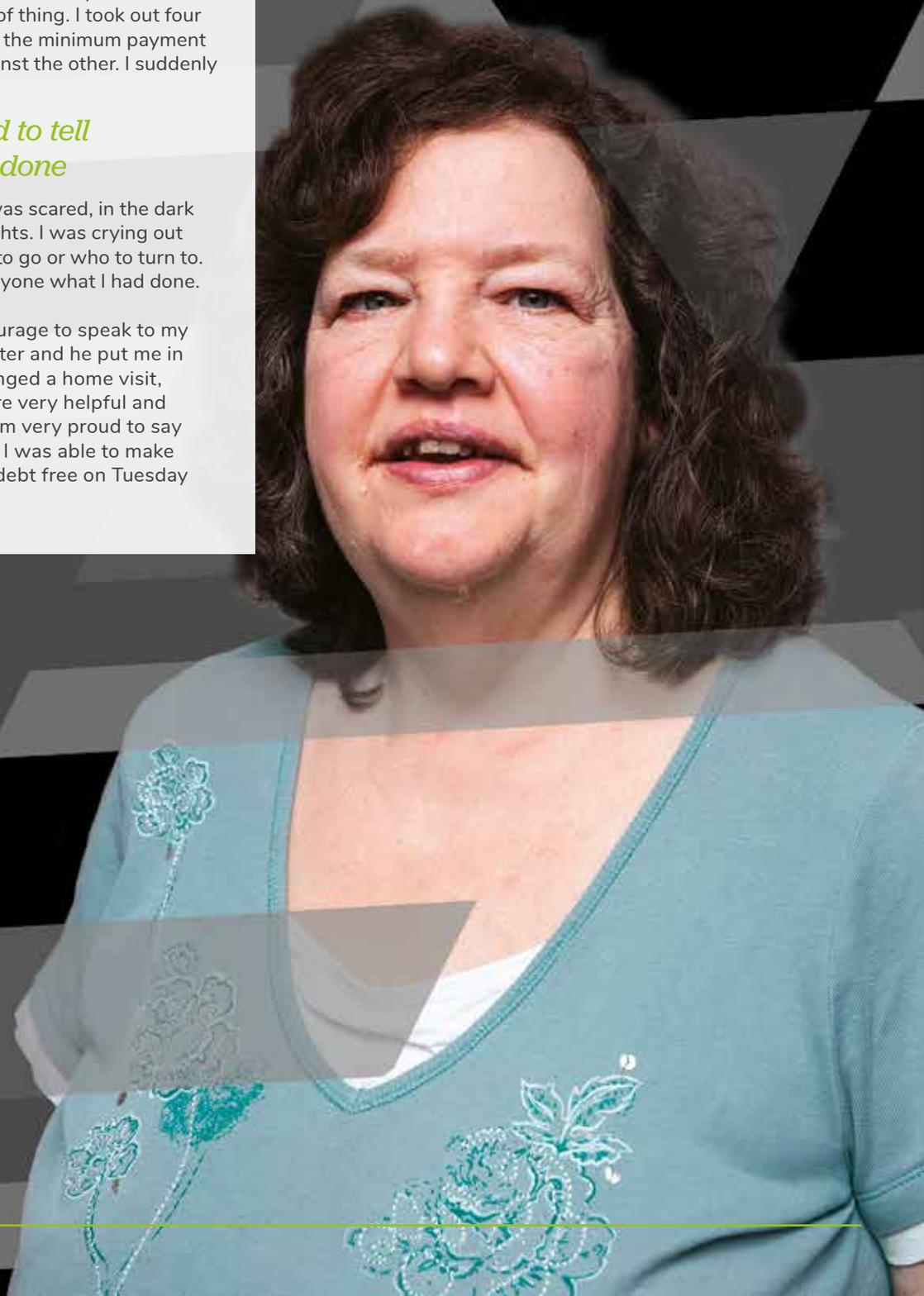
'My story of debt started when my mum passed away from a heart attack in December 2012. She left me some money and I thought "Lovely, I'll put it in a savings account and save it". In 2014, I lost it all due to a telephone scam.

I have learning difficulties, so I've always found it hard to add up and that sort of thing. I took out four credit cards, trying to pay off the minimum payment on each of the cards one against the other. I suddenly found myself in a lot of debt.

I was too frightened to tell anyone what I had done

At the time, I felt so alone. I was scared, in the dark and was having sleepless nights. I was crying out for help, not knowing where to go or who to turn to. I was too frightened to tell anyone what I had done.

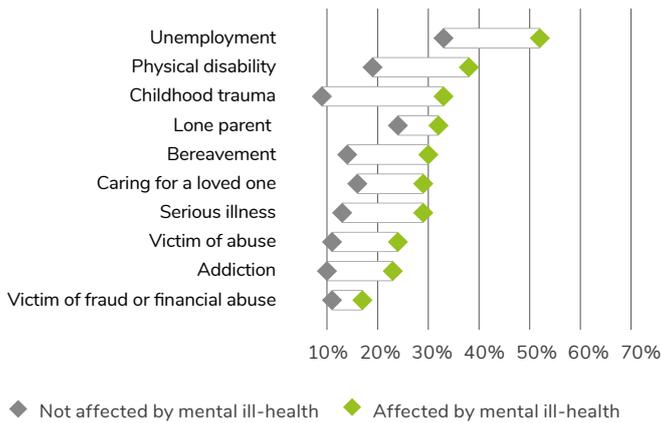
One day, I plucked up the courage to speak to my neighbour. He's a local minister and he put me in contact with CAP. CAP arranged a home visit, the people on the phone were very helpful and couldn't do enough for me. I'm very proud to say that after working with CAP I was able to make the final payment and went debt free on Tuesday 28 March 2017.'



Mental ill-health

46% of the homes visited by CAP contain someone with mental ill-health

Top ten additional difficulties faced by households with mental ill-health



Mental ill-health is widespread, with one in four of the UK population suffering from mental ill-health each year.⁸ This is a spectrum, incorporating psychological conditions such as schizophrenia, bipolar or obsessive compulsive disorder (OCD), as well as depression and anxiety, which may or may not be clinically diagnosed.

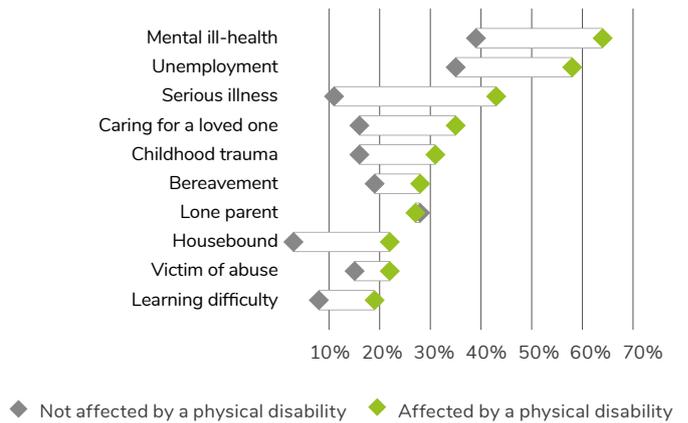
People suffering with mental ill-health frequently struggle with sleeplessness, feeling overwhelmed and can struggle to complete day to day household tasks due to reduced energy levels. Cognitive impacts associated with mental health may include lack of motivation, impulsivity and reduced problem solving ability.⁹ Harmful spending behaviour can also be closely linked to mental ill-health and relationships can be placed under great strain as a result. Instances of mental ill-health can also be triggered by difficult life events such as workplace bullying or redundancy, as well as being rooted in childhood trauma.

Mental ill-health is most strongly associated with unemployment and physical disability (52% of households affected by mental ill-health are unemployed and 38% contain someone with a physical disability). Those struggling with mental ill-health are also more likely to have faced difficult life events, being three times more likely to have suffered childhood trauma (33% compared to 9%), and twice as likely to be struggling with bereavement (30% compared to 14%) or caring for a loved one (29% compared to 16%).

Physical disability

28% of the homes visited by CAP contain someone with a physical disability

Top ten additional difficulties faced by households with a physical disability



Physical disability is characterised by spectrums on many fronts including permanence, visibility and impact on a person's abilities.¹⁰ While disability can be present from birth, many more acquire their disability later in life due to a health condition or accident, which can be traumatic and difficult to come to terms with. There are 13.9 million people in the UK with a disability, including 8% of children, 19% of working age adults and 45% of those over 65.¹¹ A physical disability can limit someone's mobility, dexterity or stamina, resulting in a time and cost penalty.

Often it is environmental factors rather than the presence of the disability that hamper someone, for instance not having literature in accessible formats or building access. This also places pressure on the person's mental health and can restrict their ability to break out of difficult situations, for instance being unable to return to work. It is estimated life costs £570 more each month for people with a disability, for instance due to higher heating, transport and care costs.¹²

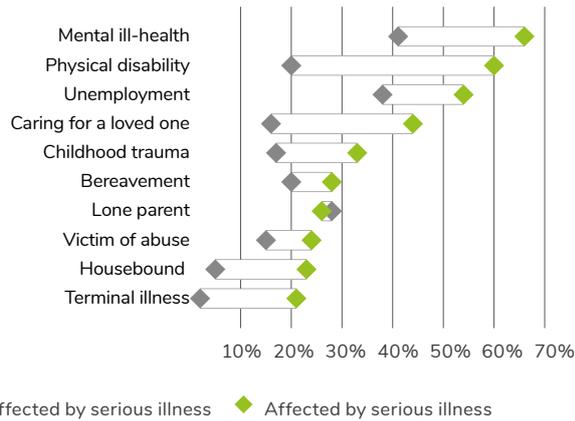
Households that contain someone with a physical disability are more than twice as likely to have someone performing caring responsibilities than those not affected by physical disability (35% compared to 16%), as well as being five and a half times more likely to be completely housebound (22% compared to 4%). Mental ill-health, serious illness and learning difficulties are also commonly present, affecting 64%, 43% and 19% of households with a physical disability respectively.

8 | McManus et al. (2009) Adult psychiatric morbidity in England, 2007: results of a household survey, The NHS Information Centre for health and social care. 9 | MMHPI (2017) Levelling the playing field: how regulators can support consumers with mental health problems. 10 | South Western and Western Sydney National Disability Coordination Officer Programme website, What is disability?. 11 | Scope website, Disability facts and figures. 12 | Scope (2018) The disability price tag

Serious or terminal illness

20% of the homes visited by CAP contain someone who is seriously ill, with 7% containing someone who is terminally ill

Top ten additional difficulties faced by households who are seriously ill



Suffering from a serious or terminal illness places incredible strain on individuals and families. Diagnoses can be sudden, leaving families reeling at the rapid impact on their daily life and uncertainty for the future. For others, health can slowly deteriorate or lifelong conditions may affect someone over a long period of time. This can be completely debilitating, such as chronic pain, or simply add to the daily load of self care, for instance needing to take medication and can limit a person's ability to work, either directly or when taking on caring responsibilities.¹³

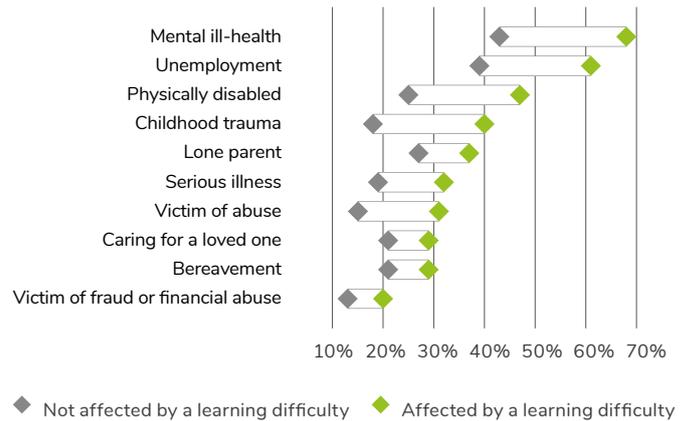
As well as the practical challenges that come with ill-health and caring, the emotional toll can be considerable. It can leave people worried and fearful for the future and cut off from those around them.¹⁴

Two thirds (66%) of households in which someone suffers from a serious illness are also affected by mental ill-health. Households affected by serious illness are more likely to be undertaking caring responsibilities than those without (44% compared to 16%) and physical disability is also strongly associated with serious illness. Households with a serious illness are three times more likely also to have a physical disability present than households without serious illness present (60% compared to 20%).

Learning difficulty

11% of the homes visited by CAP contain someone with a learning difficulty, with 6% solely made up of people with learning difficulties

Top ten additional difficulties faced by households with a learning difficulty



Learning difficulties come in two broad forms. The first is difficulties that affect the way information is learnt and processed, such as dyslexia, which make reading, writing and/or maths more difficult.¹⁵ The second broad form is learning disabilities that result from reduced intellectual ability, sometimes linked to specific conditions such as Down's syndrome that can also be coupled with physical disability.¹⁶

Learning disabilities can be mild, but tend to have a profound effect. It typically takes longer for people with learning disabilities to learn new skills, and they can find it harder to complete household tasks, socialise, understand complex information or manage money. Most people with learning disabilities need some support to live independently; often this is provided by a parent, which can mean they face difficulties later in life when their main carer passes away.

Nearly seven in ten (68%) households affected by learning difficulties also have mental ill-health present, and 61% are unemployed. Physical disability is also common and almost twice as likely to affect a household with a learning difficulty than those without (47% compared to 25%). Households that contain someone with a learning difficulty are also twice as likely to have been a victim of abuse (31% compared to 15%).

Household circumstances Ian's story

'When my dad died, I really struggled. I started drinking and my family turned against me. I don't really have any friends where I live so I felt totally alone. One of my only friends moved away and another committed suicide. I've been there myself. I nearly jumped myself, but you've got to keep going.

Debt, with everything else, made my life really stressful. I was worried about losing my flat. I wasn't eating because I was skint, which meant I lost loads of weight. I'm diabetic, so only eating one meal a day wasn't good. I knew it would probably kill me but I didn't have another option.

I had no one to turn to, no family, no friends, nothing.

I had no one to turn to, no family, no friends, nothing. At one point things got so bad I was begging for money. It didn't help that I was put on Universal Credit; no one told me I needed to apply for Council Tax reduction separately and I was hit with a huge bill. I had no one to help me. I struggle to read and write, so all the paperwork was really confusing.

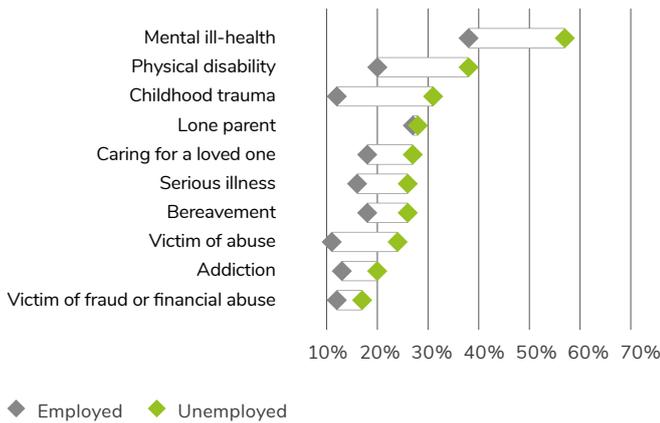
Because I struggle with reading and writing it was really hard to find help. A lot of organisations want you to do it yourself, but I just couldn't. CAP came along just in time. I would be dead if I hadn't heard about the food bank. I was having my dinner and I overheard someone talking about debt. I told them I was really struggling and they put me in touch with CAP. It's funny how things work out.'



Unemployment

42% of the homes visited by CAP contain someone who is unemployed

Top ten additional difficulties faced by unemployed households



Being out of work whether due to ill-health or looking for work is not necessarily a short term experience and it can be extremely isolating. Most people who are out of work are reliant on benefit income, which brings the challenge of living on a low and uncertain income. There is typically less money to socialise which means they spend more time at home, causing increased living costs such as energy bills.

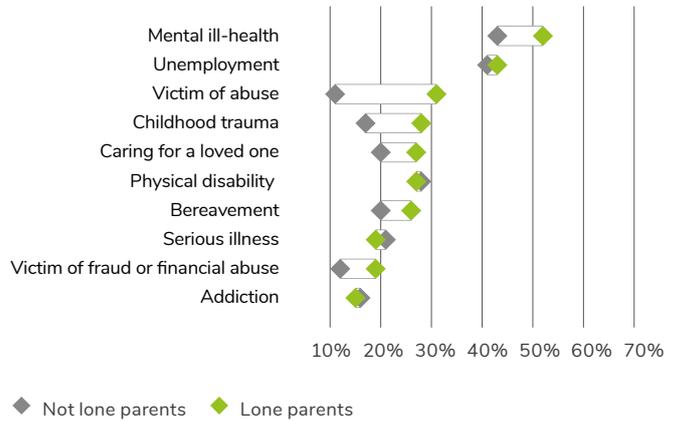
Unemployment can be demoralising and leave people lacking self confidence when they face rejection and setbacks, especially after being out of work for a long period or having been poorly treated by a previous employer. Sometimes finding work can be an uphill struggle due to circumstances that are difficult to overcome, such as being an ex-offender or lacking literacy or numeracy skills, and many people have health problems or disabilities that make sustaining full time employment challenging.

Nearly three in five (57%) of households who are unemployed have mental ill-health. They are also significantly more likely to have a physical disability (38% compared to 20%) or serious illness than those in employment (26% compared to 16%). Instances of difficult personal circumstances are also common, with more than a quarter caring for a loved one (29%) or struggling with bereavement (26%).

Lone parent

28% of the homes visited by CAP are lone parent families

Top ten additional difficulties faced by lone parents in debt



When the responsibility of being a parent is shouldered by one person alone it becomes even more difficult. As well as financially contending with the extra costs of having children and childcare, single-earner households have a restricted ability to earn income due being unable to work full time or at all.¹⁷

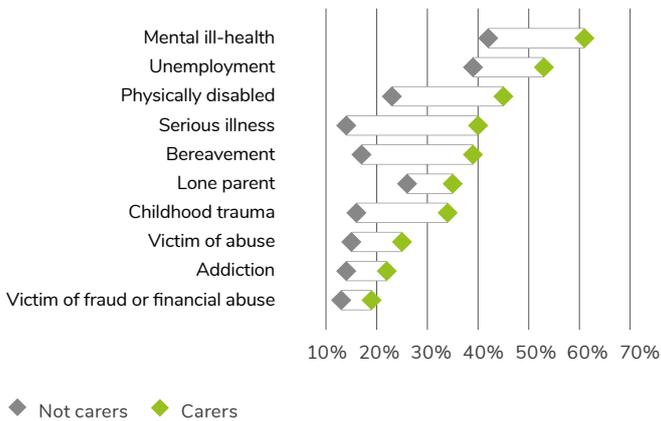
There is also the added emotional weight of solely carrying the time and emotional pressures required in parenting, as well as not having a partner for mutual support when facing tough times. In addition, lone parent families are frequently created by difficult events such as relationship breakdown or bereavement, in which parents not only have to deal with their hurt and grief but also support their children.

More than half of lone parents (52%) are suffering from mental ill-health, and they are 20% more likely to be than other household types. Lone parents are also nearly three times more likely to have been a victim of abuse than others (31% compared to 11%) and significantly more likely to be caring for a loved one (27% compared to 20%), struggling with bereavement (26% compared to 20%) or to have suffered childhood trauma (28% compared to 17%) than non-lone parent families.

Caring for a loved one

22% of the homes visited by CAP contain someone who is caring for a loved one

Top ten additional difficulties faced by households who are caring for a loved one



Caring can take several forms, from being a live-in carer to a spouse or child, to caring for an elderly relative that lives across the country. Whether caring consists of day to day activities or travelling on a regular basis, it is time consuming and tiring. Many carers feel that they have little support and are burdened by constant worries about the people in their care.¹⁸

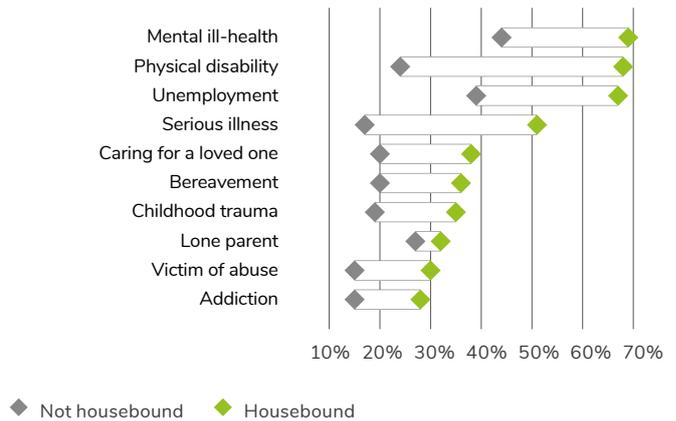
Financially, caring can also take a toll because not all carers receive benefits for the care they give.¹⁹ Caring responsibilities can limit the carer's ability to work, especially where round-the-clock care is needed, they need to attend frequent medical appointments during working hours, or where the carer needs to be available to respond to problems that arise unexpectedly. Caring can also be an isolating experience, as it can be hard to socialise outside the house, and where carers are out of work for long periods, it can be difficult to re-enter employment once their caring responsibilities end.²⁰

Carers are significantly more likely to have mental ill-health than those who are not (61% compared to 42%), as well as to be unemployed (53% compared to 39%) and to be lone parents (35% compared to 26%). They also report high incidences of physical disability and serious illness within their households and this is not purely limited to the person being cared for. 37% of carers also have a physical disability and/or serious illness themselves.

Housebound and isolated

9% of the homes visited by CAP contain someone who is housebound

Top ten additional difficulties faced by households who are housebound



Many people do not have a good network of friends and family around them. This could be due to very challenging circumstances, such as the death of a significant relative, growing up in care or having to move area to escape domestic violence. Others may have social connections but these may be detrimental or exploitative, for instance encouraging them to pursue unhealthy behaviours such as a drug habit, as in Sara's story (p10).

For many with chaotic lifestyles or those who find it difficult to leave the house, social relationships can become lost, leaving them without any friends or family they feel they can turn to or rely on. Someone can be left completely housebound due to mental or physical health problems such as immobility, fatigue or agoraphobia, which can be triggered by traumatic experiences, such as a bereavement or an assault.²¹ This places a burden on others in the household who assume a caring role or leaves the person cut off where they live alone. Anxiety and stress related to financial difficulty can also lead to agoraphobia which in turn intensifies the sense of isolation and hopelessness the person feels.²²

Those who are housebound are around three times as likely to have a physical disability (68% compared with 24%) or serious illness (51% compared with 17%) than as those who are not. Mental ill-health is also prevalent and affects almost seven in ten (69%). They are also significantly more likely to be struggling with bereavement (36% compared with 20%), victims of abuse (30% compared with 15%) or to have suffered childhood trauma (35% compared with 19%).

18 | Carers Trust (2016) Lack of support and awareness damaging life chances of UK's carers. 19 | CarersUK (2017) Make connections, get support. 20 | CarersUK (2017) The world shrinks: carer loneliness. 21 | See nhs.uk/conditions/Agoraphobia. 22 | Mind (2008) In the red: debt and mental health



Personal difficulties

Tina's story

'When I finally approached CAP for help I was depressed, self harming and vulnerable. I had been that way for far too long. I was on suicide watch. I had no money. I was visiting the food bank as often as I could. I didn't even have enough money in my bank to buy a pint of milk.

I've had depression since I was a kid. I had never known why but after some counselling sessions I came to the realisation that it was because I had been abused as a child.

I didn't know what a normal relationship looked like

Abuse and domestic violence have followed me all my life, in one form or another. I didn't know what a normal relationship looked like. My first husband would coerce me into things. He would say, "I can't get Sky in my name, but you can". I was being manipulated and I knew it, but I didn't know what to do. When we split up, everything was in my name and he would say, "I'm not responsible for anything!"

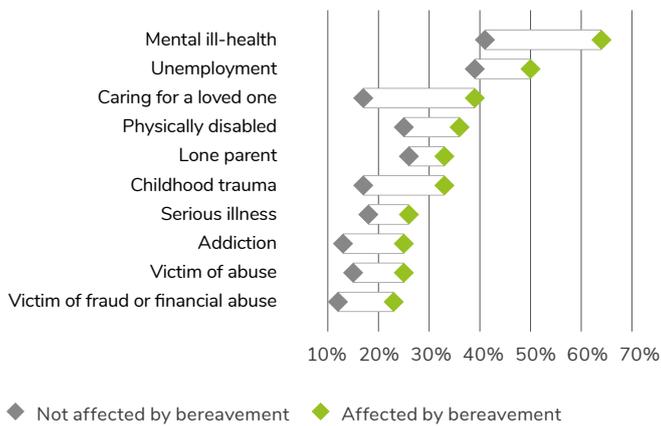
My next few relationships were full of domestic violence and coercive behaviour as well. My second husband already had four kids, and their mum would promise them presents for Christmas but she would never follow through. So, he would say "Tina, can you get it on the catalogue" and I didn't want to see the kids let down.

I had so much debt but I was in such a low state I didn't want any more problems added on to me, like kids kicking off because they haven't got the Christmas presents they wanted. It eventually turned out my second husband was still sleeping with his ex. I should never have married him. It broke me.'

Struggling with bereavement

22% of the homes visited by CAP contain someone struggling with bereavement

Top ten additional difficulties faced by households struggling with bereavement



For those struggling with bereavement the biggest impact is the emotional toll grief takes. This is particularly the case where the bereaved person has lost a partner or child or where deaths have been concurrent or traumatic, for instance a suicide.²³ As well as feeling sadness and grief, people who have been bereaved often feel lonely, isolated and angry.²⁴ Households can also experience a big financial shock due to losing an earner or benefit entitlement, and when surviving family members need time off work due to grief.

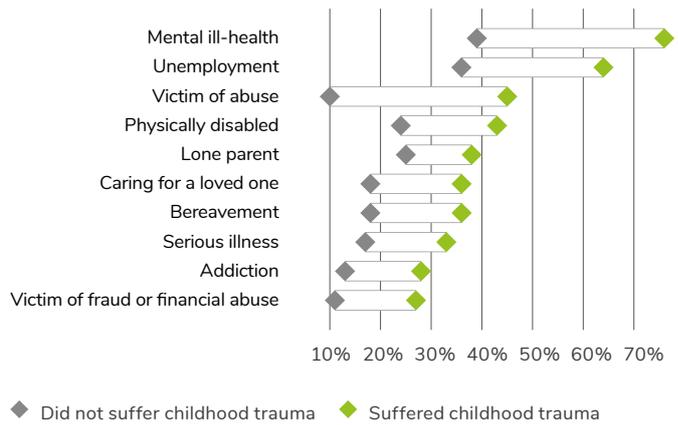
The loss of a parent can also take a significant toll on someone's mental health, as well as bringing substantial practical changes for dependent adults, such as people with significant learning disabilities who may find living independently for the first time difficult.

Most commonly those struggling with bereavement are also facing unemployment (50%) and suffering from mental ill-health (64%). These households are nearly twice as likely to have an addiction (25% compared to 13%) and to have fallen victim to fraud or financial abuse than those who have not experienced bereavement (23% compared to 12%). They are also one of the few groups who are significantly more likely to be lone parents (33% compared with 26%).

Suffered childhood trauma

20% of the homes visited by CAP contain someone who suffered trauma in childhood

Top ten additional difficulties faced by households affected by childhood trauma



Childhood trauma refers to a wide range of experiences including but not exclusive to: abuse, family breakdown, parental bereavement, growing up in care and witnessing domestic violence.²⁵ Facing traumatic experiences robs someone of stability while growing up. This can impact both their educational attainment and employment, as well as relationships, increasing the risk of grooming, homelessness and addiction from a young age. It also increases the risk that someone will enter a cycle of abuse.²⁶

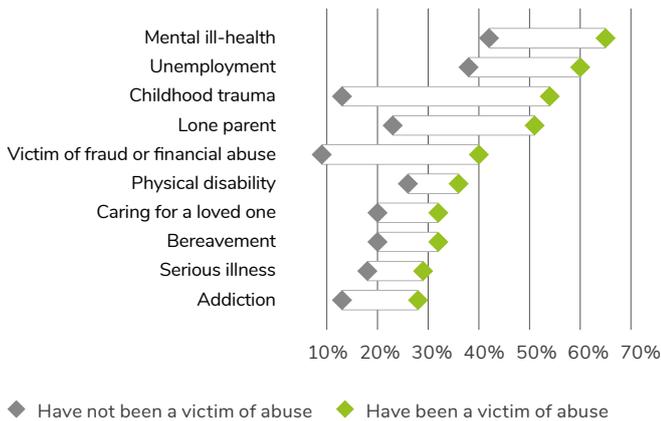
There is often a lasting impact on the person as they move into adulthood, both practically in terms of lacking meaningful opportunities, and due to enduring emotional trauma. This can manifest itself in mental health problems, difficulty communicating, managing anger or establishing healthy relationships.²⁷

Three quarters (75%) of households that have suffered childhood trauma are affected by mental ill-health in adulthood. Unemployment is also extensive (64%) and households who suffered trauma during childhood are significantly more likely to report being a victim of abuse than those who did not (45% compared to 10%).

Victim of abuse

17% of the homes visited by CAP contain someone who has been a victim of abuse

Top ten additional difficulties faced by households affected by abuse



Whether physical, psychological or sexual, all forms of abuse have devastating consequences on the individual and families involved.²⁸ Abuse can follow someone throughout their life; often abuse victims can be caught in a cycle that sees them entering abusive relationship after abusive relationship.²⁹ Victims of abuse can suffer significant consequences both physically and mentally, becoming withdrawn and finding it difficult to establish trusting relationships.³⁰

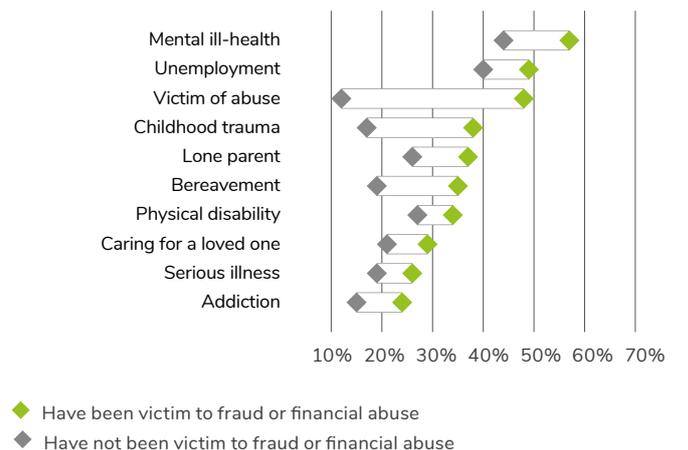
There are also practical implications of fleeing situations of domestic abuse that bring incredible upheaval and ongoing safety concerns, for instance living in a refuge. In domestic settings abuse is not limited to between spouses, but also single mothers can be particularly susceptible to abuse from teenage or older sons and can find it especially difficult to take steps to cut off these connections.³¹

Mental ill-health (65%) is extensive amongst victims of abuse, who are also four times more likely to have suffered childhood trauma than those who have not been a victim of abuse (54% compared to 13%). Six in ten are unemployed and just over half (51%) are lone parents. Two fifths (40%) have also been a victim of fraud or financial abuse.

Victim of fraud and financial abuse

14% of the homes visited by CAP contain someone who has been a victim of fraud or financial abuse

Top ten additional difficulties faced by households who have been victim to fraud or financial abuse



The financial loss and debt that results from fraud and financial abuse is only a small part of the impact on victims. Victims are typically left feeling powerless and afraid, as in Caroline's story on p20, having already been in a poor emotional state that made them more susceptible to abuse.³²

Fraud can be the result of a scam, which can be extremely sophisticated. Sadly, financial abuse is often committed by a trusted person such as a partner, child or carer. In these cases, the emotional ties or dependence on the person can make the relationship hard to cut off, especially where this is coupled with other forms of domestic abuse.³³ As a result, financial abuse can take place over long periods of time. When these relationships break down, victims can be left with debts in their name that they were not aware of or were coerced into taking out.

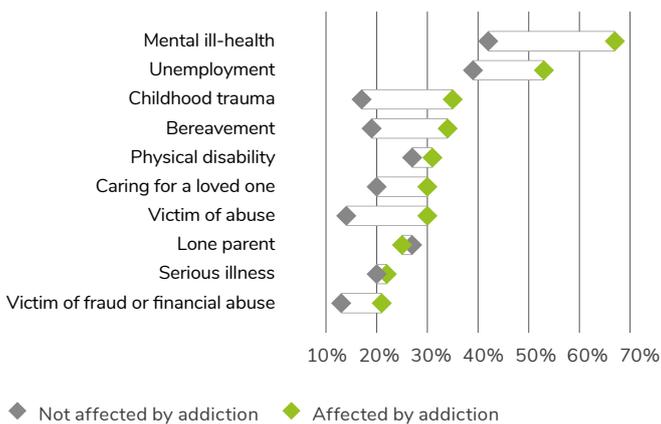
Victims of fraud or financial abuse are disproportionately more likely to have also been victim of other forms of abuse (48% compared to 12%). Mental ill-health is common, affecting 57% of victims, as well as unemployment (49%). Victims are also more likely to be lone parents (37% compared to 26%), to have serious illnesses (26% compared to 19%) and to have addictions than households who have not been a victim of fraud or financial abuse (24% compared to 15%).

28 | Woman's Aid (2017) Survival and beyond: The domestic abuse report 2017. 29 | Walby and Allen (2004) Domestic Violence, Sexual Assault and Stalking: Findings from the British Crime Survey, Home Office Research Study 276. 30 | Menna (2014) Reconnecting after domestic violence: establishing new patterns in intimate relationships. 31 | Evans and Warren-Sohlberg (1989) A pattern analysis of adolescent abusive behaviour towards parents, Journal of Adolescent Research. 32 | See refuge.org.uk/our-work/forms-of-violence-and-abuse/domestic-violence/effects-of-domestic-violence-on-women/. 33 | Sharp-Jeffs (2015) Money matters: Research into the extent and nature of financial abuse within intimate relationships in the UK, The Co-operative Bank and Refuge

Addiction

16% of the homes visited by CAP contain someone with an addiction

Top ten additional difficulties faced by households affected by addiction



Struggling with an addiction is a daily battle. Often dependencies stem from the use of substances or activities as a coping strategy to deal with a traumatic event or feeling down. This can be triggered by a bereavement, family breakdown or feeling stressed, for example.

Addiction then brings further difficulties as unhealthy patterns of behaviour take a toll on the person's health, employment, finances and relationships. It is common for addictions to lead to family breakdown, isolation and criminal activity.³⁴

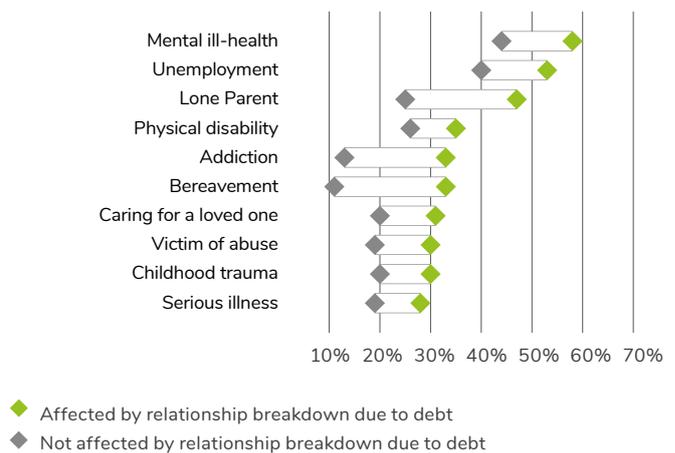
Someone may be addicted to one substance or activity, or a combination, and when in the grip of an addiction, the person may make irrational decisions and find it particularly difficult to stick to a budget or repayment plan.³⁵ Family members can also bear the brunt of this if a partner or child steals from or manipulates them to fund their addiction.

Overall, 16% of CAP clients are struggling with an addiction. For 9% this includes alcohol, 4% drugs and 3% gambling. This is commonly coupled with mental ill-health (67%), people with an addiction are 79% more likely to be struggling with bereavement (34% compared to 19%) and twice as likely to have suffered childhood trauma than those without (35% compared to 17%).

Family breakdown

18% of the homes visited by CAP have had a relationship break down because of debt

Top ten additional difficulties faced by households where debt caused complete relationship breakdown



The stress of being in debt places great strain on relationships. As people become overwhelmed and cannot see a way forward, arguments start and permanent damage can be done to relationships.³⁶ This is especially the case where people turn to damaging behaviours to cope, such as binge drinking, or where mental health deteriorates.³⁷

Tension and turbulent relationships in a household also take their toll on children who can become difficult or withdrawn, causing further worry for parents.³⁸ Parents can also struggle to cope with parenting pressures due to debt worries and other personal difficulties. Families can fear the involvement of social services and sadly in some cases life can become so unstable that children are removed. Even where this does not happen, parents often feel intense shame at not being able to provide for their children, for instance one CAP client could not afford nappies for their baby and tried to make do with carrier bags and towels.

Nearly one in five (18%) households helped by CAP have had a relationship breakdown due to debt. For half (47%) of these households this means they are lone parents and almost three in five (58%) have mental ill-health. It is more common for households that have had a relationship breakdown to be struggling with addiction (33% compared to 13%) and bereavement (33% compared to 11%) than households who have not.

34 | Centre for Social Justice (2013) No quick fix: exposing the depth of Britain's drug and alcohol problem, Breakthrough Britain II. 35 | MMHPI (2016) In control: a consultation on regulating spending during periods of poor mental health. 36 | Relate (2017) In too deep: an investigation into debt and relationships. 37 | Centre for Social Justice (2013) Fractured families: why stability matters, Breakthrough Britain II. 38 | StepChange and The Children's Society (2014) The debt trap: Exposing the impact of problem debt on children

Moving forward

What do we mean by ‘vulnerability’?

Over the past ten years understanding and focus on vulnerability has increased substantially within the credit and energy industries. Regulators, such as the FCA and Ofgem, have left no doubt that firms need to show appropriate levels of care to their customers in vulnerable situations and much effort has been spent trying to better understand and define what being ‘vulnerable’ refers to.³⁹

Definitions of vulnerability

Many definitions of vulnerability have been put forward in the context of financial markets and other essential services. Broadly speaking, there is consensus that people can become vulnerable due to their personal characteristics and circumstances as well as the context in which they are required to act or engage, for instance the actions or inaction of organisations and services.

Financial Conduct Authority (FCA)

Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.⁴⁰

Ofgem

When a consumer’s personal circumstances and characteristics combine with aspects of the market to create situations where they are: significantly less able than a typical consumer to protect or represent his or her interests in the energy market, significantly more likely than a typical consumer to suffer detriment, or that detriment is likely to be more substantial.⁴¹

Ofwat

A customer who due to personal characteristics, their overall life situation or due to broader market and economic factors, is not having reasonable opportunity to access and receive an inclusive service which may have a detrimental impact on their health, wellbeing or finances.⁴²

Ofcom

Vulnerability is about people’s circumstances, which can change over time... They may become isolated if they are unable to keep in touch with family and friends. They may not be able to participate as fully in society as they would wish.⁴³

National Audit Office (NAO)

Anyone who, through their condition or circumstances, is particularly susceptible to harm or disadvantage. This includes all forms of potential vulnerability (for example, disability, low income, temporary circumstances such as bereavement or illness, etc.).⁴⁴

Finance UK (formally British Banking Association)

A dynamic state, which is affected by personal factors, life events and wider circumstances or relationships, including those between customers and their bank or other financial service providers.⁴⁵

The dynamics of vulnerability

Although some groups are disproportionately exposed to the risk of being vulnerable, for instance those with a physical disability, emphasis is placed on vulnerability being created by the impact of characteristics or circumstances, not the fact that they are present. As a result, the importance of looking at people as individuals in unique circumstances is stressed, which involves understanding how a specific person is impacted, rather than assuming all with a specific condition are vulnerable to the same extent.⁴⁶

There has also been a growing appreciation that to be vulnerable is not to belong to an exclusive and static group, but is a dynamic state that everyone may face at various points in their life. Vulnerability is to be understood as a fluid state which can be temporary or sporadic, as well as permanent in nature, caused by both short term and long term circumstances.⁴⁷

Vulnerable to what?

To be vulnerable implies that a person is at risk of some form of harm. This means that in theory, services and products can be built in such a way as to eliminate this risk by being fully inclusive, accessible and accommodating of all extra support needs.

In the context of financial, utility and public services, being vulnerable is understood to mean susceptible to detriment, which means to experience 'loss, damage, disadvantage or injury'.⁴⁸ Vulnerability is understood to arise when someone is either more likely to be susceptible to this detriment or the detriment would be more substantial than for a typical customer. There are a broad range of harms highlighted across the definitions, including financial, health and wellbeing. These can stem from being unable to access services, represent one's own interests to achieve a good outcome or experiencing unfair treatment in light of personal circumstances.

A risk factor approach

The key challenge is how to operationalise these definitions and identify who is vulnerable when delivering services.⁴⁹ The FCA and others suggest taking a risk factor approach,⁵⁰ the idea being that to be aware of groups that are more likely to face challenges because of their characteristics and circumstances is helpful in identifying customers at risk of potential harm. While real harm may not materialise, the presence of these risk factors indicates that firms need to take extra care when dealing with these customers because they are at greater risk of harm.⁵¹ Firms are also encouraged to look out for the presence of multiple factors that will interact and intensify the customer's risk of harm.⁵²

What is overlooked?

There are three areas that can be identified from the experiences of CAP clients where current approaches to vulnerability remain inadequate to support customers that are experiencing greatest hardships or at most risk of harm.

These are:



1. Setting a single low bar for being vulnerable

In many ways a low bar is set for a customer considered to be in a vulnerable situation. For instance, in the energy sector it is broadly understood that to have a child under five in a household constitutes a vulnerability risk. While there is great value in taking an inclusive approach, this has left a diverse and expansive landscape of potentially vulnerable customers, ranging from mild/moderate risk and temporary situations to severely debilitating conditions. This makes it difficult to identify which customers within broad segments of a customer base require extra support and to then target support to where it is needed most.



2. Approaching vulnerability in silos

Due to the likelihood that some groups will disproportionately face vulnerable situations, there is a temptation to develop operational approaches to vulnerability based on easily drawn lines. When applied to service delivery, this then lends itself to a binary approach or thinking of conditions in silos. This sees the development of schemes for people with specific conditions or circumstances or a set of criteria that customers must meet to access specialist support, such as specific schemes for serious illness or people recently bereaved. This ignores the crossover and interaction of factors that cause vulnerability and the numerous challenges people are facing, and that the support required would also benefit others in different vulnerable circumstances.



3. Overlooking enduring vulnerability

It is important to appreciate the dynamics of vulnerability and that it is not a permanent state. At times, however, the enduring nature of other situations is overlooked. Focus is on providing short term support or forbearance, responding to a 'shock' with the anticipation that someone will get back on their feet quickly. This is not always the case and even when the circumstances are not permanent, many people suffer the impacts over long periods. This is especially the case where a situation is perpetuated by other difficult circumstances. For instance, while redundancy may only bring a short term financial shock, it can also turn into long term unemployment and have associated impacts on someone's mental health.

How you can make a difference

Understanding the situations vulnerable customers face is only the first step in ensuring the support on offer is fit for purpose. The next undertaking is to recognise who needs support and provide help that meets the specific needs of each person. This is not an easy task but it is an important one. While there is much innovation and energy being invested in this space, still people in the most desperate situations have challenges stacked against them.

The picture of multiple and complex needs in this report shows the need to appreciate the complexity of the challenges faced by many customers. In this context, it is key to get the basics right so that people who cannot fight their corner do not fall through the cracks. But we need to go beyond this and offer support that can flex to accommodate the needs of all customers in difficulty regardless of the breadth and depth of the challenges they face.

The responsibility to respond to this task cuts across industries and organisations. All need to contribute to bring about a tangible effect; from empowering customer facing teams to have quality and supportive interactions with people, to building products and systems that facilitate this. Regulations need to keep vulnerability high on companies' agendas and we need trade bodies that encourage members to keep pushing for improvement.

Supporting vulnerable customers cuts across all parts of a business and stages of customer journeys. This section puts forward some key principles for customer service, management and system design to better serve vulnerable customers. What is the next step for your team and organisation?



Customer facing teams

-  **Get the right people in customer facing roles**
Compassion and empathy are hard to instil through training, so recruiting the right people to fill customer facing roles is key. Soft skills and life experience are crucial for showing understanding and reassuring customers in distress. Preconceptions from previous roles, such as handling fraud cases or complaints, also need to be acknowledged and overcome to ensure staff have an open and supportive approach to helping customers.
-  **Step away from the script**
Being able to ask open ended questions to encourage disclosure and uncover a greater understanding of a customer's circumstances is also key. Making a customer feel understood requires staff to deviate from the script or set processes, and to show flexibility having taken into account what has been shared. Staff need to be empowered to do this in the pursuit of the best interests of a customer, and quality assurance monitoring should also place importance on the quality of interactions with customers as well as hard regulatory checkpoints.
-  **Be aware of interactions**
The training you provide needs to help staff understand the forms vulnerability can take and how it is so often multiple and complex in nature. Understanding the interactions between circumstances and how factors can compound the intensity of someone's vulnerability allows staff to prompt for more relevant information and identify the level of support someone needs. A customer's emotional reactions should be viewed as potential signs of undisclosed difficulties rather than a sign of deliberate obstruction.
-  **Support disclosure**
Difficult and personal information shared by customers about their circumstances and health need to be discussed sensitively. Customers often require reassurance of the benefits of sharing this information and poor interactions will discourage them from being open in the future. Good systems need to be in place to record this information in a prominent format so that staff are quickly aware of what has been disclosed previously in future conversations with the customer.



For management

-  **Commit from the top to the bottom**
 Board level recognition of the importance of meeting the needs of vulnerable customers is required to clearly articulate this need to the rest of the organisation. To do this, care and support for both staff and customers needs to be embedded within organisational culture, and customer wellbeing recognised as a key performance indicator for the business. Emphasis should be placed on designing services with the needs of vulnerable people in mind, as staff can then also recognise that achieving the right outcome for vulnerable people is an important part of their performance.
-  **Get customer service right**
 It is important to consider the full customer journey to see where customers can slip through the cracks and experience detriment. Vulnerable customers' touchpoints with services cannot be exclusively limited to specialist teams and therefore customer service across the board is key to their experience. Customers need to have easily accessible touch points, which help take responsibility for and resolve their problems. Getting customer service right in the good times will build trust with customers, which will aid in identifying and supporting customers in times of difficulty.
-  **Collaborate across departments**
 An all-encompassing approach to supporting vulnerable people requires collaboration across business areas to close the gaps that people in vulnerable circumstances fall between. This could look like service design and complaints teams working together to understand the pinch points that typically cause problems for people in vulnerable situations, or sales teams being inclusive of vulnerable customers in the design and pricing of products.
-  **Make sure policies work in practice**
 Having policies and products in place to support vulnerable customers is fundamental, but will have little impact in practice if not implemented well. Quality assurance needs to be outcome focused – all too often it is viewed that following processes guarantees that customer experiences will match the intentions of a policy. Staff need to be well informed and confident about how to put policies into practice within their roles, as well as understanding the principles and vision behind them.



For service design

-  **Deliver flexible, joined up solutions**
 The complexity of the situations customers face means solutions cannot be one-size-fits-all. Rigid boundaries on the support that can be offered by staff, such as limited timescales on repayment plans and narrow eligibility criteria for support schemes can mean customers with the greatest needs receive inadequate accommodation. In vulnerable states, (customers also struggle to proactively research and navigate the help available and to secure all that's on offer). The solutions offered to customers need to be joined up to ensure people benefit from the full range of support on offer, without arduous and repetitive processes that may well be beyond their capabilities at that time.
-  **Create simple and accessible services**
 Processes need to be simple and accessible so that those who are least able to navigate them do not get lost. Being inclusive by design ensures that vulnerable customers do not face the risk of being overlooked and shut out if they have not been able to navigate to specialist touch points, and can prevent problems occurring downstream. In this context, non-digital access without penalty is essential, as well as having clearly published telephone numbers. This is also true for customers who need the help of specialist teams that can be hard to reach because calls must be internally transferred.
-  **Recognise the person behind digital interactions**
 In a digital age, many customers opt to deal with firms purely through online channels. This makes it more difficult to identify vulnerability where there is limited scope for open conversations about how factors affect someone. Customers are also often expected to switch to non-digital communication channels when crisis hits, which can be uncomfortable for them. Digital platforms need to build rapport and understand the needs of customers in new ways, such as creating easy and secure methods for customers to share information about personal difficulties when signing up, as well as making the value of doing so clear.
-  **Work closely with third parties**
 The range and scope of the challenges faced by customers in vulnerable situations means a single organisation cannot offer all the support a person may need. Signposting to a range of third parties is essential, both in terms of specialism and service delivery channel, as well as giving them the backup they need to deliver the support. This may just be an informal partnership, for instance making it easy for third parties to communicate on behalf of customers who find it too difficult to pick up the phone or open the post themselves, or putting accounts on hold to give time for the third party to help the customer reach a better position.

Leigh's story

CAP Debt Help client

'I didn't have the easiest start in life. My Dad died when I was nine so it was just me and my mum, until I got married. Sadly, it wasn't a good marriage, and I ended up spending a lot to cope and debts began to grow.

When my marriage inevitably broke down, I became a single parent to my daughter and severely autistic son. Then in 2011 my mum, who I was living with at the time, got cancer. Caring for her was really full on. I had to do everything for her; her shopping, managing her finances, taking her to the hospital. It was hard to cope and shield the kids from what I was going through.

When she died, it hit me, "I'm on my own". Both my kids were in school and suddenly I had a lot of free time. I needed to get out of the house, but I had no money, so I took out payday loans and credit cards. I started gambling, trying to win more money. I was always trying to buy my happiness back.

Then the debt collectors started coming around, knocking on the doors and windows. I would hide on the stairs, the only place in the house no one could see me. I started having agoraphobia and anxiety. I spent most of my day in bed, avoiding everyone. It was horrendous. I couldn't face being alive.

Then one day my friend rang up. She told me she had heard about CAP on the radio. When I called, it was so comforting, they explained all about how they could help and were so understanding. When the CAP Debt Coach came to my house for the first visit, it took a lot of courage to open the door. But when I did, she was stood there with a cake! As we chatted I felt this relief wash over me, I wasn't on my own anymore.

I used to walk about with my hands clenched, I was so angry. Now I'm such a different person.

I have changed so much since CAP helped me. I used to walk about with my hands clenched, I was so angry. Now I'm such a different person. I'm much better with my money, I shop for bargains and pay my rent on time. I help the CAP Debt Centre with befriending, telling other CAP clients what I went through and that they can do the same.'



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