The Financial Wellbeing of UK households

Spring 2025

Findings from the 12th Financial Fairness Tracker Survey

Jamie Evans, Katie Cross and Sharon Collard

June 2025

This report is based on results from the 12th wave of the Financial Fairness Tracker, a periodic cross-sectional survey commissioned by the abrdn Financial Fairness Trust. The survey has been tracking the financial situation of UK households since the start of the coronavirus pandemic in early 2020, providing an overview of households' income, spending, borrowings, savings, quality of life and perceptions of key policy-related matters. Data was collected from over 6,000 households in May 2025 via Opinium's politically- and nationally-representative sample and then analysed by researchers at the University of Bristol's Personal Finance Research Centre (PFRC).

KEY FINDINGS

- **The cost-of-living crisis continues for many, and more households now have low financial wellbeing than 12 months ago.** Four-in-ten households (39%) in May 2025 were 'struggling' (24%) or 'in serious difficulties' (15%) – which equates to over 11m households, and 300,000 more than in May 2024. Just a quarter of households were financially 'secure' (26% or 7.5m households), down by 500,000 in the last 12 months.
- **Household bills are the main pressure point**. Almost all households (93%) said their bills had increased 'a lot' or 'a little' since November 2024, with three-in-five (60%) reporting that five or more of the nine bills asked about had increased. Increases in Council Tax, food, energy and water bills were the most widely reported.
- **Financial insecurity takes a significant toll on households' wider wellbeing**. Three-in-ten of all households (29%) felt their financial situation was making their physical health worse, rising to 47% of Personal Independence Payment (PIP) or Disability Living Allowance (DLA)recipients, 53% of those in the bottom income quintile and 62% of Universal Credit (UC) recipients. Mental health impacts were even more pronounced: 35% of all households reported poor mental health due to their finances, increasing to 69% among UC claimants and over half of those on PIP/DLA (52%).
- **Households are generally not in favour of cuts to welfare and spending.** When asked about potential Government policy options, most respondents (58%) felt that reducing spending on benefits for disabled people or reducing overall spending on public services would do 'more harm than good'. Regarding the welfare changes already announced (including tighter eligibility criteria for PIP) twice as many respondents felt that the Government's proposals were the 'wrong choice' (54%) than the 'right choice' (26%).
- **Households are more receptive to some potential tax rises.** When asked whether they would support future potential tax rises if necessary to pay for public services, 61% of respondents supported taxes on tobacco, vaping, alcohol, unhealthy foods and gambling and 54% supported taxes on wealth. Unpopular tax rises included Council Tax/rates (57% opposed), taxes on general spending (such as VAT) (52% opposed) and taxes on income (such as income tax and national insurance) (48% opposed).

abrdn Financial Fairness Trust

University of Bristol

The cost-of-living crisis continues for many, with more households having lower financial wellbeing than a year ago

Financially secure	-0.5 million
Financially exposed	+0.2 million
Struggling	+0.1 million
In serious difficulties	+0.2 million

Household bills are the main pressure point, with the majority (93%) saying that one or more bills had increased 'a lot' or 'a little' in the past 6 months

	A lot (%)	A little (%)
Council Tax	30	48
Food	31	39
Energy bills	24	45
Water bills	29	40
Telecoms bills	15	45

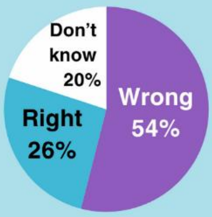
Many feel that their financial situation is making their health worse

	Worse physical health	Worse mental health
All	29%	35%
PIP/DLA recipients	47%	52%
UC recipients	62%	69%

Households are generally not in favour of welfare and spending cuts

Most feel that reducing spending on benefits for disabled people or reducing overall spending on public services would 'do more harm than good'

58%



Regarding welfare changes already announced (including tighter eligibility criteria for PIP) 2x as many respondents felt that Government proposals were the 'wrong' than 'right' choice

Households are more receptive to some potential tax rises

61%

Support taxes on tobacco, vaping, alcohol, unhealthy foods and gambling

54%

Support taxes on wealth

INTRODUCTION

Since October 2024, the global landscape has been marked by escalating geopolitical tensions and economic uncertainties. This twelfth edition of the Financial Fairness Tracker also comes in the wake of the UK Government's Spending Review 2025 (on 11 June), with limited resources available for government departments beyond health and defence, and the prospect of real-term cuts in some areas of spending after this year. The economic outlook was further clouded when the OECD downgraded the UK's GDP growth forecast (i.e. the amount of economic activity happening in the UK) to 1.3% for 2025 and 1% for 2026, citing trade uncertainties and low business confidence.

At a household level, the Tracker shows that cost-of-living worries are far from over for millions of households across the UK, as prices for essential goods and services continue to outpace income growth. While welcome, the minimum wage rise of 6.7% for those over 21 in April 2025 will not keep up with the 9.4% annual increase in energy prices. The Chancellor has, however, announced that more people will receive the Winter Fuel Payment "*this winter*", reversing its very unpopular policy that saw 10 million fewer pensioners receive the £300 help towards energy bills in 2024 – and which may well have contributed to Labour losses in the local elections.

While energy costs (deservedly) get a lot of attention, they are only one of rising utility costs that households must contend with. Price rises from April 2025 for broadband and mobile are expected to add an average of £21.99 annually for those on inflation-linked contracts and up to £42 a year for those on newer "pounds and pence" plans mandated by the regulator, Ofcom.

In addition, national average water bills for the coming year are forecast to be £603 - a rise of £123 or 26% - which equates to an increase of around £10 a month. For households with water meters, water costs could potentially be much higher, especially where there are high water consumption needs, for example due to health conditions or impairments. As this edition of the Tracker shows, the alternative for a third of households in our survey (34%) was to cut back water use, with one-in-five (19%) reducing the number of showers or baths they take.

This twelfth edition of the Financial Fairness Tracker provides an overview of the financial wellbeing of UK households as we approach the first-year anniversary of the Starmer Government. We begin with an overview of household financial wellbeing, before looking in more detail at a range of costs facing households. We then turn to issues of debt and advice-seeking behaviour, before highlighting the impacts on wellbeing that financial difficulty continues to have. From there, we explore respondent attitudes to Government policy, including planned welfare changes and potential tax rises, finding that the Chancellor has relatively little room for manoeuvre. We conclude by looking at households' confidence in their financial situations going forward.

Key methodological details

Sample size:	Fieldwork dates:	Type of survey:
6,088 householders (with some responsibility for bills / household finances)	1st – 13th May 2025	Online, cross-sectional survey of Opinium's nationally- and politically-representative panel

Our **Index of Financial Wellbeing** is a composite measure based on seven key questions, covering: households' perceptions of their day-to-day finances and ability to meet bills, their number of missed payments or arrears, and their longer-term financial resilience (such as level of savings). The Index is a score from 0 to 100, with those scoring <30 being considered as 'in serious financial difficulties', those scoring 30-49 'struggling', those scoring 50-79 'exposed' and 80+ 'financially secure'. For more information on this index please see the Technical Note on the back page.

THE FINANCIAL WELLBEING OF UK HOUSEHOLDS IN MAY 2025

For many, the cost-of-living crisis continues

The cost-of-living pressures faced by households have now persisted for several years, as shown in Figure 1. The UK seems, therefore, to have moved beyond a cost-of-living crisis to a long-term state of "permacrisis" in which many households find it difficult to afford a decent standard of living.

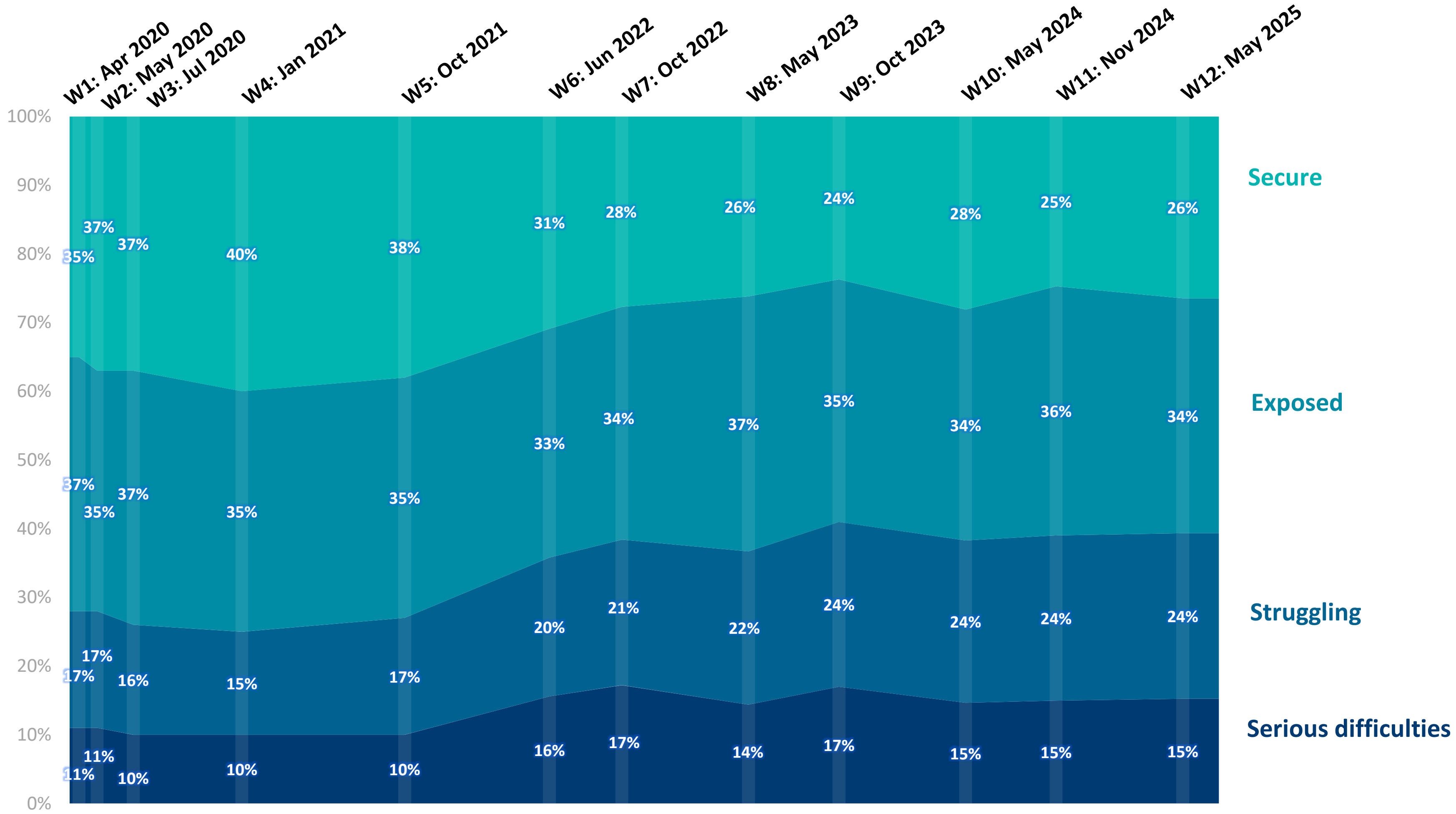
Four-in-ten households (39%) in May 2025 fell into the financial wellbeing categories of 'struggling' (24%) or 'in serious difficulties' (15%) – which equates to over 11 million households across the UK, and 300,000 more than in May 2024 (Table 1). There has also been an increase in the proportion of households that are better-off but still "financially exposed", meaning this group now constitutes 34% of all UK households, totalling 9.7 million households. Just a quarter of UK households are financially "secure" (26%), down by 500,000 households in the last 12 months to 7.5 million (Table 1). This overall pattern of household financial wellbeing has remained largely unchanged since 2022 (Figure 1).

Table 1 – Percentage and number of UK households in each of our four financial wellbeing categories

Financial wellbeing category	Percentage of UK households in May 2025	Number of UK households in May 2025	Overall change since Nov 2024	Overall change since May 2024
Secure	**26%**	**7.5 million**	**+0.5 million**	**-0.5 million**
Exposed	**34%**	**9.7 million**	**-0.6 million**	**+0.2 million**
Struggling	**24%**	**6.8 million**	**0.0 million**	**+0.1 million**
Serious difficulties	**15%**	**4.3 million**	**+0.1 million**	**+0.2 million**

Notes: Please note that figures have been rounded in this and subsequent tables and may therefore appear not to sum up to 100%. May 2025 sample size is 6,088 householders. Calculations are based on a total of 28.2 million households at all time points (in reality, this number will fluctuate).

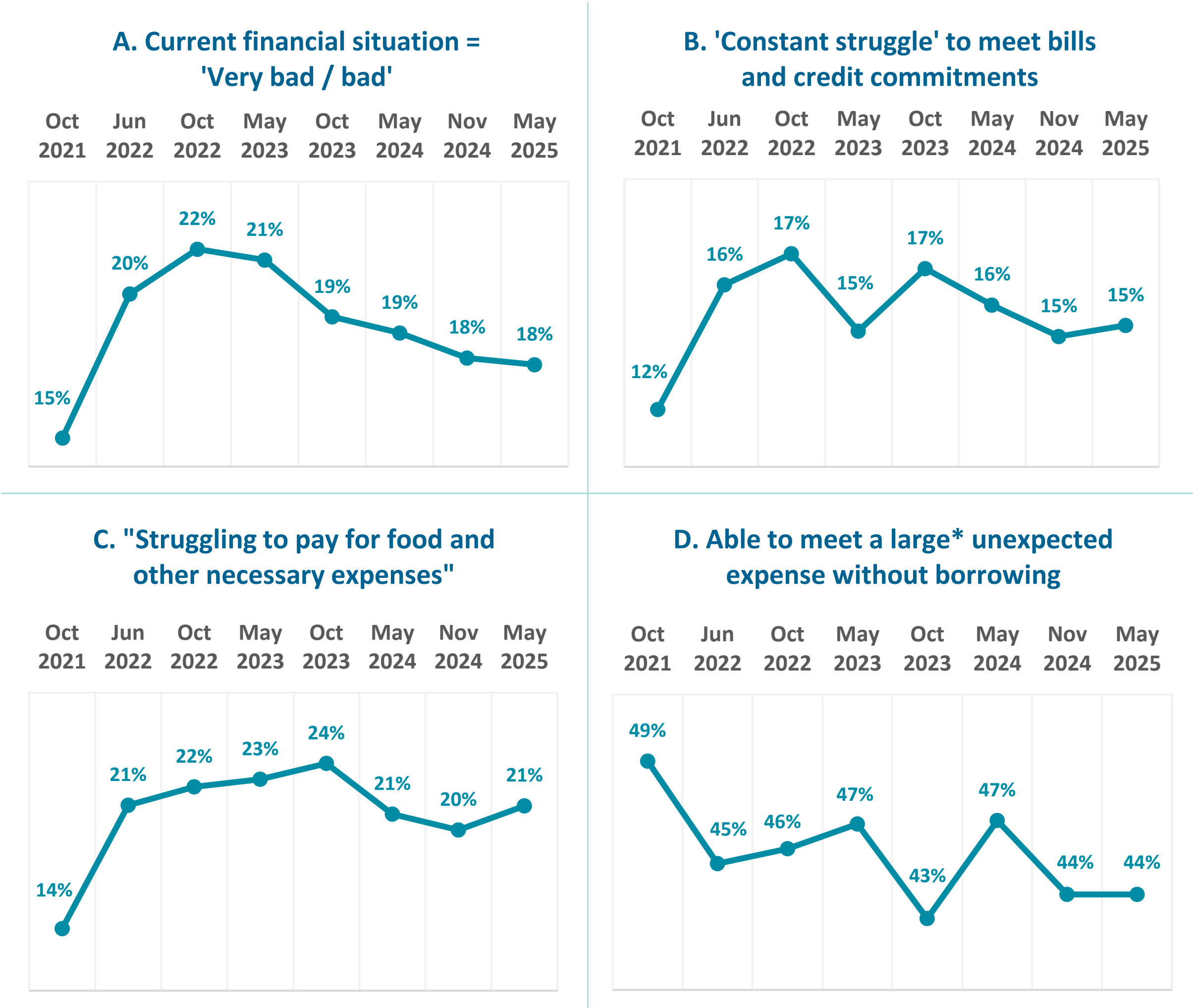
Figure 1 – The financial wellbeing of UK households over the first 12 waves of the Financial Fairness Tracker, from 2020 to 2025. Percentages indicate the proportion of UK households in each of our four financial wellbeing categories at each wave.



Notes: Sample sizes range from 5,572 to 6,108. Financial wellbeing categories determined based on seven key survey questions.

Looking more closely at a range of different indicators that are usually associated with more severe hardship (Figure 2a-d), the six months between October 2024 and May 2025 indicate a period of stasis, with no or very little change in the number of households whose current financial situation is very bad/bad (18%, Figure 2a); who face a constant struggle to meet bills and credit commitments (15%, Figure 2b); are struggling to pay for food and other necessary expenses (21%, Figure 2c); and can meet a large unexpected expense without borrowing (44%, Figure 2d).

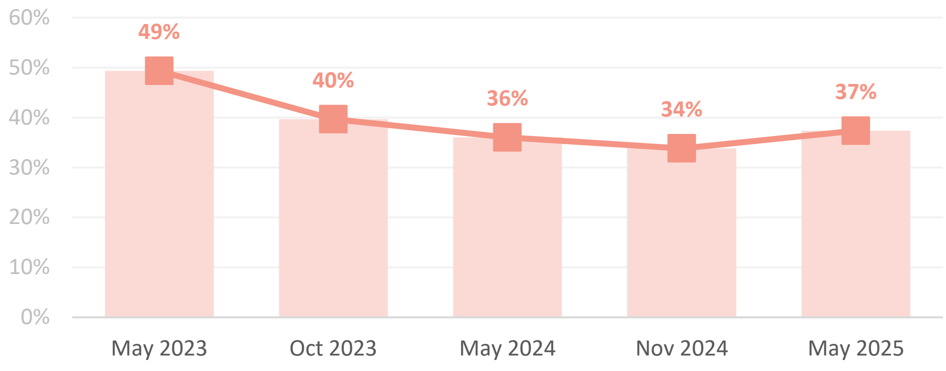
Figure 2a-d - Percentage of UK households struggling on various indicators of financial wellbeing (October 2021 to May 2025). Please note that the y-axes of each chart have different maximum and minimum values.



Notes: * large unexpected expense defined as an expense equivalent to a month's income.

The sober picture presented in Figure 2a-d may reflect the higher energy costs that households will have faced over the colder, winter months (see Figures 5 and 6 below) plus the impact of bill price rises in 'Awful April' – from Council Tax through to energy, water and telecoms. All things considered, four-in-ten households (37%) felt that the last six months had been negative for their household finances, a slight uptick from November 2024 (34%) but much lower than it had been two years ago in May 2023 (49%) (Figure 3).

Figure 3 - Percentage of UK households who feel that the last six months have been 'negative' for their household finances



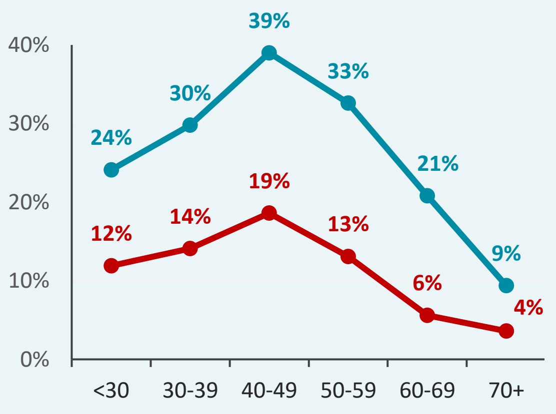
Box 1 – The situation facing disabled people

Throughout the survey, we typically find that households with someone disabled and those in receipt of PIP are facing a much worse financial situation than non-disabled households:

	All disabled households	Households receiving PIP	Non-disabled households
In serious financial difficulties	26%	27%	12%
Current financial situation = 'very bad' or 'bad'	28%	27%	14%
'Constant struggle' to meet bills and credit commitments	25%	25%	11%
'Struggling to pay for food and other necessary expenses'	32%	28%	17%
Able to meet a large, unexpected expense without borrowing	35%	32%	48%
Last six months have been 'negative' for household finances	50%	48%	33%
Sample size	*1,517*	*621*	*4,571*

Working age disabled households (especially those aged 30-59) were even more likely to be in serious financial difficulties (as shown in the chart to the right). Nearly four-in-ten (39%) of disabled households headed by someone aged 40-49 were facing financial challenges, compared to just 9% of disabled households headed by someone aged 70 or over. This reflects general age patterns we see across all households, whether disabled or not. It is important to note that older households have a higher rate of disability, so have an outsized impact on statistics giving the average for all disabled households.

% in serious financial difficulty among disabled and non-disabled households, by age

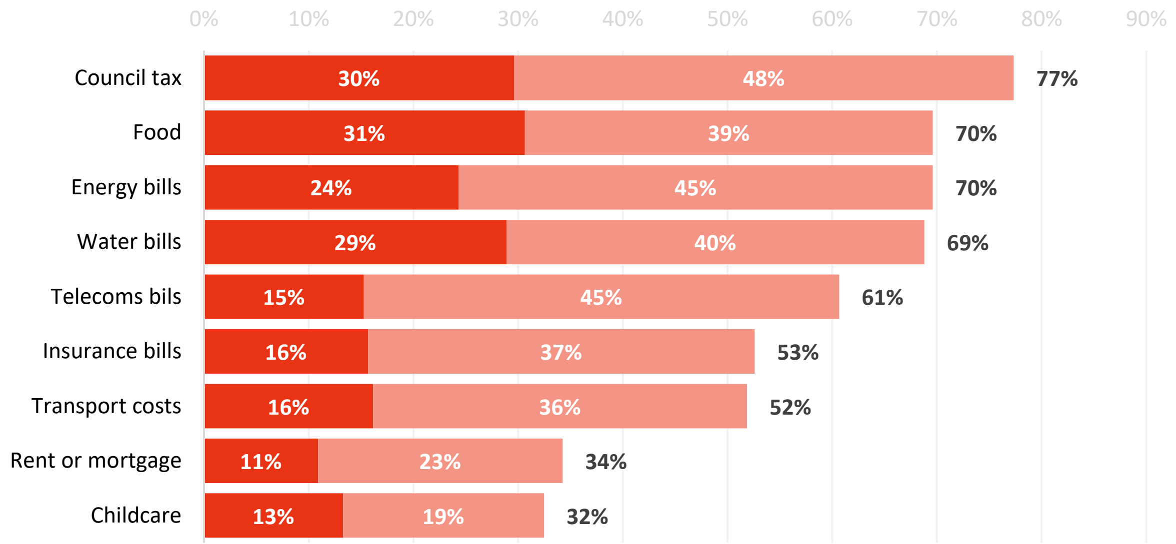


Notes: minimum sample size = 167 (disabled, under 30)

DOMESTIC BILLS ARE PUTTING PRESSURE ON HOUSEHOLDS

As previously mentioned, much of the media dubbed April 2025 'awful April' due to the range of bill increases likely to hit many households. In May 2025, we asked Tracker respondents if their spending on a variety of bills had gone up (or down) in the past six months. The vast majority (93%) reported that one or more bills had increased either 'a lot' or 'a little' in this time, with three-in-five (60%) reporting that five or more of the nine bills asked about had increased. Figure 4 gives a breakdown for each bill asked about, highlighting that Council Tax, food, energy and water bills were the increases most widely experienced.

Figure 4 - Percentage of UK households who feel their bills have increased 'a lot' or 'a little' in the past six months



Notes: Result for 'water bills' is based on households in England and Wales only (n=5,368) as households in Scotland and Northern Ireland pay for their water in different ways (via Council Tax or general taxation). Result for 'childcare' based only on households with children (n=1,749). We do not exclude those who said the cost was 'not applicable' to their household; for example, those households with children who don't pay for childcare.

Council Tax

For 2025-26, the average Band D property in England will pay £2,280 per year in Council Tax – an increase of £109 or 5.0% on the figure for the previous year. The average Council Tax per dwelling in England will be £1,770 – equivalent to £177 per month (if paid in 10 monthly instalments, as is most common practice). Households in Scotland and Wales also face Council Tax increases.[1]

As shown above, the vast majority (77%) of households had noticed these increases, with 30% describing their Council Tax bills increasing 'a lot'. Those in the bottom income quintile were most likely to describe their Council Tax bills increasing 'a lot' (34%), highlighting the regressive nature of this form of taxation. Unsurprisingly, when asked what forms of taxation they might support rising in future to fund improvements in public services (as we explore in more detail later in the report), a minority (14%) said they would support any kind of rise in Council Tax, with the highest level of support (20%) found among the top income quintile.

[1] Northern Ireland has a system of household rates rather than Council Tax.

We find that around one-in-twenty (5%) of households had missed a Council Tax bill and owed money as a result. This equates to approximately 1.5 million households. Government data for 2023-24 shows nearly £6.0 billion of Council Tax arrears in England alone, highlighting the scale of the issue.

Food costs

Over two-thirds (70%) of households reported noticing increases in food prices in the past six months. After relatively low food price inflation in 2024, the ONS report that the pace of price rises picked up again in 2025 – driven largely by increases in the cost of beef. The cost of food increased by 3.4% in the 12 months to April 2025, well below the dizzying heights of 19% in spring 2023, but it continues to put pressure on households' budgets. As Table 2 demonstrates, the price of everyday food products is substantially higher in 2025 than in 2022, with eggs, for example, costing over 70% more.

Table 2 – Price of food products, April 2022 and May 2025 (Source: The Food Foundation)

	Eggs (Half-dozen)	**Milk** (4 pints, semi)	**Baked beans** (3 tins)
April 2022	95p	95p	£1.50
May 2025	£1.65	£1.20	£2.25
% change	+74%	+26%	+50%

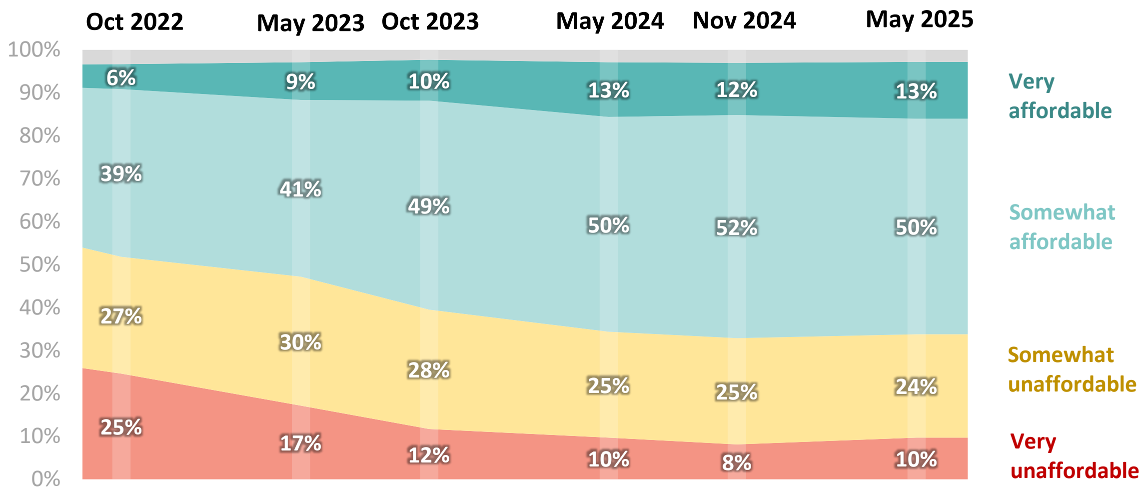
Notes: prices collected at Tesco by the Food Foundation.

Households continue to take action in an attempt to manage these price rises. Two-in-five (40%) in our survey reported shopping at a cheaper supermarket or switching to cheaper food products. Others faced more severe consequences: 4% had turned to a food bank in the past four weeks, rising to 7% among households with children and 8% of disabled households. 15% of all households reported 'often' being 'worried about running out of food before [they] could afford to buy more', while 18% said they were often unable to 'afford a balanced and healthy diet'. These figures rise to 32% and 36% respectively for households in the bottom income quintile, highlighting the severe food insecurity faced by many people on lower incomes.

Energy bills

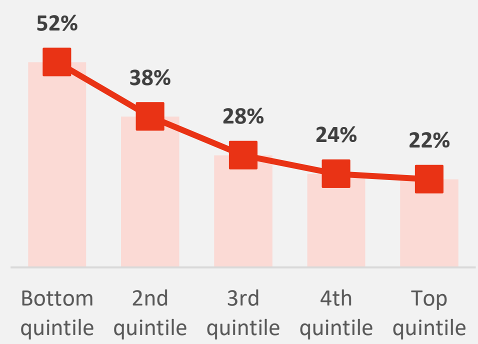
Energy costs continue to be at the forefront of many households' financial concerns. While the price cap has fallen from its maximum in 2022/23, the average annual bill has still risen from £1,073 in summer 2020 to £1,849 – an increase of 72% in five years. Households continue to report taking a range of actions to save money on their energy bills. Three-in-five (58%) were attempting to use less energy, taking actions such as avoiding turning on the heating (39%), turning down the temperature in their home (36%) or wearing more clothes indoors (35%). One-in-five (20%) had attempted to save money on their energy bills in ways other than reducing consumption – with 6% switching their energy supplier and 13% changing their tariff or payment method. Despite these efforts, 17% reported that they have not been able to keep their home warm and comfortable over the past six months and 26% report that their home has problems with damp, mould or condensation.

Figure 5 – Affordability of current energy costs, October 2022 to May 2025



We have been tracking how affordable households say their energy bills are (Figure 5) since October 2022. At that point, over half (52%) described their energy costs as unaffordable (27% 'somewhat unaffordable' and 25% 'very unaffordable'). The proportion reporting this has decreased to one third (34%) describing their energy bills as unaffordable (24% 'somewhat' and 10% 'very). This represents a very small increase since the previous wave in November 2024.

Figure 6 – Energy costs are 'unaffordable', by income quintile (May 2025)



Notes: minimum sample size is 955 (bottom quintile)

Energy costs of course continue to hit lower-income households the worst (Figure 6). While around a quarter to a fifth of middle-income and higher-income households describe their bills as unaffordable, this rises dramatically within the bottom income quintile (52%) and the second income quintile (38%). Disabled households (44%) and households with children (38%) also disproportionately fall into this group who are finding their energy costs unaffordable.

As Table 3 demonstrates, we also observe variation in energy-related difficulties based on the way that households pay for their energy. While those paying by direct debit are least likely to experience difficulties – such as finding their energy costs unaffordable, having issues with damp, condensation and mould, or being unable to keep their home warm and comfortable – those who pay on receipt of bill or by prepayment meter tend to face these issues more commonly. Two-in-five (43%) households who pay by prepayment live in homes with condensation, damp or mould problems, as do a third (35%) of those who pay on receipt of bill (compared to 23% of those paying by direct debit). While prepayment is no longer more expensive per unit than direct debit, paying on receipt of bill (by 'standard credit') remains more expensive. Under the July 2025 energy price cap, households with typical usage will pay around £130 per year more if paying on receipt of bill. This is potentially problematic given that many lower income or financially insecure households do not fully trust paying by direct debit and instead prefer the flexibility of other payment methods. Organisations such as Fair By Design continue to call for an equalisation of energy prices regardless of payment method.

Table 3 – Percentage of households experiencing energy-related issues, by energy payment method

	Direct debit	Pay on receipt of bill	Prepayment meter
Finding energy costs unaffordable	32%	37%	41%
Home has problems with condensation, damp or mould	23%	35%	43%
Not able to keep home warm and comfortable	16%	23%	25%
In serious financial difficulties	12%	14%	28%

Notes: minimum sample sizes as follows: direct debit = 4,579, pay on receipt of bill = 807; prepayment meter = 844.

Exploring the profile of those who pay in different ways in more detail, we see that prepayment meter users and those paying on receipt of bill are disproportionately on low incomes. Over half (55%) of those who pay by prepayment are in the bottom two income quintiles, with an equivalent figure of 48% for those pay on receipt of bill. Those who pay on receipt of bill are considerably less likely to be 'in serious financial difficulties', however (14%, c.f. 28% among prepayment users). This may relate to the different profiles of the two groups: compared to prepayment meter users, those who pay on receipt of bill are typically older (30% aged over 60, c.f. 15%) and more likely to own their own home (59% are homeowners, cf. 36%).

Water bills

Nearly three-in-ten (29%) households in England and Wales[2] felt their water bills had risen 'a lot' in the past six months, with a further 40% saying they had risen 'a little'. This reflects data showing that national average water bills for 2025-26 are increasing by around £10 per month. To mitigate the rise in their water costs, over a third of households (34%) reported trying to cut their water use, with one-in-five (19%) reducing the number of showers or baths that they take (which may also help to reduce their energy costs). Certain groups continue to need to cut back more than others: 44% of those in the bottom income quintile and 43% of households where someone is disabled report trying to use less water (compared to 27% of the top income quintile and 31% of households where no one is disabled).

The water industry is required by its regulator Ofwat to offer social tariffs for those on lower incomes or struggling with their bills. We asked households if they had been put on a social tariff for one or more household bills (not just water) within the last six months, with just under 4% (or 1 million) saying that they had. This reflects growing demand for such schemes, with data from 2023-24 suggesting a record number of people had accessed water tariffs. Research from the Consumer Council for Water (CCW) suggests that more people than ever before are aware of the existence of such schemes, but there is still work to be done. Questions also remain about the postcode lottery of such schemes, with CCW calling for a single social tariff scheme across the industry with wider

[2] For water, we focus only on England and Wales as the way that households pay for water is different in Scotland (via council tax) and in Northern Ireland (via general taxation).

eligibility criteria. Likewise, Citizens Advice has called for water and other support schemes to be designed to minimise the need for consumers to act "*because every step that requires consumer action will mean some miss out.*"

Telecoms

While to a lesser extent than other bills mentioned so far, three-in-five (60%) of households felt their telecoms bills (phone, broadband, TV) had increased (15% 'a lot' and 45% 'a little'). Households reported taking a range of actions to make ends meet in the last six months:

- 16% had downgraded their phone, broadband or TV packages
- 13% had switched their phone or broadband provider
- 13% had cancelled a TV subscription or TV licence
- 3% had obtained a free or discounted TV licence.

From January 2025, Ofcom banned surprise mid-contract inflation-linked price rises. The move was intended to provide consumers with certainty after a period of volatile inflation. Telecoms companies now have to tell customers about any upcoming price rises at point of sale. Most have adopted the approach of introducing a fixed price rise each year (typically in April); however, some companies have been criticised by organisations such as Which? for introducing 'hefty' monthly price rises, well above current inflation rates. These price rises are often flat regardless of the original contract price (e.g. a £3 or £4 increase per month whether the original contract was £15 or £40 per month); which risks consumers on cheaper contracts (who may be on lower incomes) effectively seeing proportionally higher annual price rises.

Insurance

We also asked households about their insurance bills (e.g. car, home, health insurance).[3] Just over half of households (53%) felt their insurance costs had increased in the past six months. One-in-five (19%) said that they had attempted to mitigate this by switching their insurance provider. This, unsurprisingly, rises among car-owning households (23%) (and falls to 5% among those without a car), while homeowners were also more likely to have done this (24% of outright homeowners and 21% of mortgagors, compared to 11% of private renters and 12% of social renters). In our Spring 2024 Tracker report, we highlighted the affordability challenges facing younger and lower-income drivers when insuring their car, while our separate research also suggests that those in deprived areas or paying monthly (rather than annually) for their insurance face higher car insurance premiums. In October 2024, the Government announced the creation of a taskforce to 'get a fair deal for drivers by rooting out the factors that increase costs for the car insurance industry'.

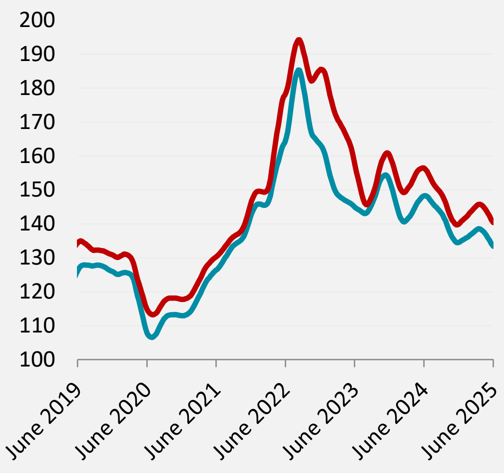
Transport costs

Related to car insurance costs described above, half of households (52%) reported rising transport costs in the past six months. This increases to 55% among the four-in-five households who own a car and reduces to 41% among non-car-owning households. When asked about steps that they were taking to make ends meet, one-in-five (19% of) households said they were reducing their car use or use of other forms of transportation, rising to 22% among car-owning households and falling to 9% among carless households. One-in-six (16%) reported using a concessionary card for public transport

[3] We asked about insurance bills generally, not about specific insurance products.

(such as an older persons' free bus pass or a railcard) in the last six months, rising to 19% among households without a car, and 36% among respondents aged 70 or over.

Figure 7 – Petrol and diesel prices at the pump (pence per litre), 2019 to 2025



Author analysis of DESNZ data. 10-week moving average.

As Figure 7 shows, the price at the pump of petrol and diesel has reduced substantially from its peak in the aftermath of the Russian invasion of Ukraine in 2022. In July 2022, diesel reached a high of £1.99 per litre, while petrol rose to nearly £1.92. Since then, prices have fallen considerably – standing at around £1.31 per litre for petrol in June 2025 and £1.38 for diesel. Nevertheless, pump prices remain higher (in absolute terms) than in 2019 when petrol averaged £1.25 per litre and diesel averaged £1.32. At the 2024 Autumn Budget, the Chancellor announced the freeze on fuel duty would be extended, while the standard rate of vehicle exercise duty was increased by £5 to £195 for cars registered after April 2017. Car maintenance costs continue to rise, with the RAC reporting that unexpected car repairs are costing an average of more than £600 per year. The cost of repairs is also credited by the ABI as being the 'largest single factor' in rising car insurance premiums.

Public transportation users have also seen their costs rise. The cap on single bus fares in England rose from £2 to £3 from 1st January 2025, while rail fares increased by an inflation-busting 4.6% in England and Wales from March 2025. Such costs are likely to be important for lower-income households, as our Tracker data shows that carless households were more than twice-as-likely to be in the bottom income quintile (34%) than car-owning households (16%).

Rent or mortgage

A third (34%) of all households reported rising rent or mortgage costs in the past six months. This is equivalent to approximately half of households who don't own their home outright. Three-quarters (76%) of social renters reported rising rental costs, as did half (52%) of private renters. A third (35%) of mortgaged households reported increases in their mortgage costs. The majority of households had seen their housing costs increase by up to £100 per month (62%), with a further quarter (26%) facing an increase of £100-300 in the past six months. Higher increases were more common among mortgaged households, with 63% seeing an increase of over £100 – compared to 42% of private renters and 17% of social renters. Of those mortgagors who had incurred higher costs, 34% had re-mortgaged when their fixed term came to an end, 24% had been on a variable rate or tracker mortgage, 10% faced higher service charges or ground rent, 8% had moved house and 8% had borrowed more money (typically for home improvements).

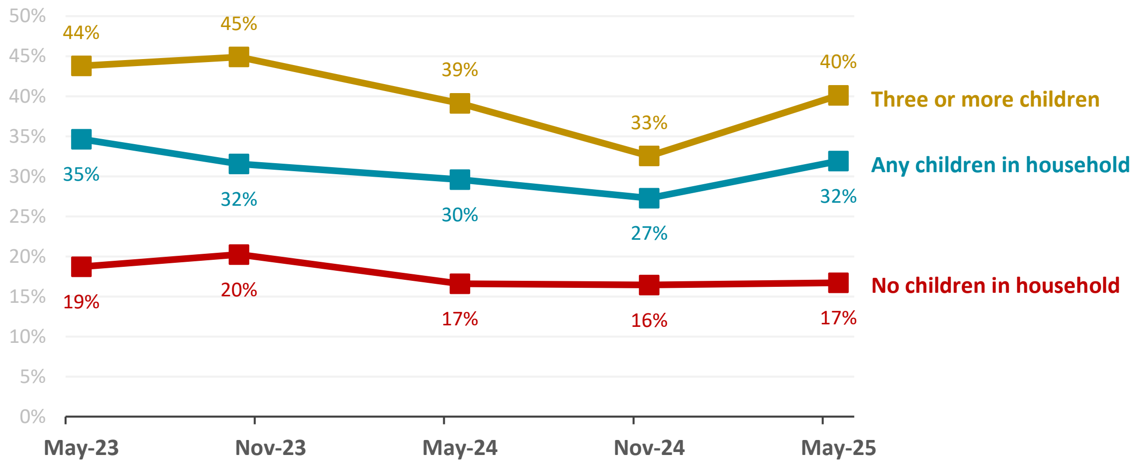
It was private renters, however, that were most likely to be forced out of their home as a result of high housing costs. One-in-ten (10%) had actively tried to find cheaper housing because they couldn't afford the rent.

Childcare and caring for those with health needs

Around three-in-ten (29%) households in the Tracker had children living in them – and, of these, nearly a third (32%) reported rising childcare costs, a third reported no change or a decrease in these costs (33%) and a final third said they didn't have any childcare costs (34%). This reflects a somewhat mixed picture from other data sources, with nurseries warning of higher fees to cover the increase in National Insurance contributions and minimum wage staffing costs – but also evidence from the children's charity Coram suggesting that the expansion of childcare entitlement has led to reduced costs for working parents. The charity's annual Childcare Survey found that working parents in England in early 2025 were paying around half of what they would have paid the year before.

Even without the costs of childcare, many households with children continue to struggle financially. As Figure 8 shows, those households with children have consistently been more likely to say that they are struggling to afford food and other necessities (32% compared with 17% of households without children), with those with three or more children struggling the most (40%).

Figure 8 – Percentage of households who report that they are 'currently struggling to pay for food or other necessary expenses', by presence of children in the household



Notes: sample sizes for May 2025 as follows: no children = 4,223; any children = 1,809; three or more children = 289

Box 2 – Caring for those with disabilities or health needs

Approximately one-in-seven (15% or 1.2 million) households with children had a child with a long-term health condition or disability. Over a quarter (27%) of these households were in serious financial difficulties (compared to 19% of households where the child was not disabled) and 44% reported struggling to pay for food and other essentials (c.f. 29%). Importantly, parents of a disabled child were twice as likely to say that they had been unable to give their children the things that they need than other parents (22%, c.f. 11%).

Those who received Carer's Allowance (1.4 million people) were also disproportionately likely to be struggling. 4% of households reported being in receipt of this benefit, which is for those who provide substantial care to someone disabled. Over a quarter (26%) of these households were in serious financial difficulties and nearly a third (31%) were struggling to pay for food and other essential spending. Nearly two-in-five (39%) had turned to borrowing to meet their daily living costs in the past six months, compared to 26% of all households – highlighting the financial pressures that this group faces.

Discretionary spending

With all of the above pressures on household budgets, it is unsurprising that many are feeling the pinch and therefore cutting back on other spending. Households reported taking a wide range of actions to do this:

- 50% said they were generally trying to buy or consume less to cut their overall spending
- 44% reported cutting back on eating out or takeaways
- 42% were cutting back on clothing and shoes
- 34% were reducing their spend on leisure and entertainment (such as trips to the cinema)
- 31% had avoided booking holidays or breaks away
- 24% had cut down their participation in hobbies or pastimes
- 24% had not been able to see their friends or family as much as they would have liked
- 8% had cut back on spending on their pets.

MANY CONTINUE TO BE IN DEBT AND ARREARS

Over one-in-eight households (13% or 3.6 million) reported currently owing money as a result of missing one or more household bill payments (Table 4). Of these, 6% had fallen behind on one of the bills asked about, 3% had fallen behind on two and 3% had fallen behind on three or more. Electricity remains the most commonly missed bill. Ofgem data from Q4 2024 shows over 1.8 million consumer electricity accounts either in arrears with no arrangement to repay the debt (1.0 million) or with an arrangement to repay the debt (0.8 million). Both the Ofgem data and the figures in Table 4 suggest numbers in arrears have plateaued over 2023-24, but after a significant increase throughout 2022. The total value of energy debt and arrears now stands at nearly £4.0 billion.

Related to this, just over one-in-ten households (11%) in the Tracker described facing some form of debt collection activity in the past six months. Of those going through debt collection, this most commonly related to consumer credit debt (e.g. a credit card or personal loan) (38%), money owed to the local council (36%), to an energy company (28%) or to a water company (20%). Less often, the debt collection was related to rent or mortgages (14%), phone or broadband bills (14%) or other household bills (11%).

Table 4– Percentage of households who have missed a payment on any of the following bills and currently owe money as a result, May 2023 to May 2025

Household bill	May-23	Oct-23	May-24	Nov-25	May-25
Electricity	6%	6%	6%	5%	6%
Council Tax bill	5%	6%	6%	5%	5%
Water	5%	5%	6%	5%	5%
Gas or other energy	5%	5%	4%	4%	5%
Telecoms bill	3%	4%	4%	4%	3%
Rent	4%	3%	4%	4%	3%
TV licence	2%	4%	4%	4%	3%
Mortgage	2%	2%	3%	2%	2%
Any household bill (exc. rent or mortgage)	**13%**	**15%**	**15%**	**13%**	**13%**

Households continue to need advice and information

A third (33%) of all households had tried to obtain some form of information or advice about their financial situation in the past six months. This is a broad definition, which includes searching for information online, following accounts on social media, or even watching or listening to programmes on TV or the radio. The most frequent way that households had received advice was via the websites and social media of consumer advocates (15%), which includes the likes of MoneySavingExpert (Martin Lewis) and Which? This rises to 22% if including broadcast media and other channels of advice. Interestingly, this form of financial information was mentioned equally by households across the income spectrum, suggesting it has a broad reach.

Table 5– Percentage of households who had received advice or information about their financial situation in the past six months, by source and channel

	Direct advice channels			***Indirect information channels***		
Organisation	**Face-to-face**	**Telephone**	**Online chat / email**	**Website / social media**	**Broadcast media**	**Any channel**
Consumer advice / advocates (e.g. MSE, Which?)	1%	3%	3%	15%	5%	22%
DWP	3%	6%	3%	5%	2%	16%
Citizens Advice	3%	5%	4%	5%	3%	15%
Other advice charity	2%	4%	3%	4%	3%	12%
Local authority or housing association	2%	5%	3%	3%	2%	12%
Fee-charging advice[4]	2%	3%	2%	3%	1%	9%
Any of the above	**8%**	**14%**	**10%**	**21%**	**9%**	**33%**

One-in-six (16%) reported getting advice or information from the DWP, most commonly by phone (6%). Similarly, 16% had received any advice or online information[5] from Citizens Advice or another advice charity (such as StepChange or National Debtline). This reduces to one-in-eight (12%) if including only direct forms of advice, offered face-to-face, over the phone or via online chat / email. Overall, 18% had received some form of free, direct advice from either the DWP, any advice charity or their local authority or housing association.

We ask these advice questions each year, so can compare trends over time for the past three years. Broadly, these show relatively little change in most forms of advice and information over time. The overall usage for each source (with the exception of Citizens Advice) in May 2025 was within two percentage points of their figure for May 2023, with no clear upward or downward trajectory. The figures for Citizens Advice, however, have increased significantly from 11% in May 2023 to 17% in

[4] Fee-charging advice may include fee-charging debt advice but also other forms of financial advice, such as mortgage brokers, accountants or financial advisers.

[5] But excluding broadcast media.

May 2024 before falling slightly to 15% in May 2025. Consumer advocates also peaked in May 2024 at 27% but the figures for 2023 and 2025 were stable (23% and 22% respectively).

An important question to explore is the extent to which the advice is reaching those who need it most. While 18% of all households had contacted some form of free, direct advice in the past six months, this rises to 59% of those who had missed a household bill, 57% of those who had missed a consumer credit repayment and 67% of those who had missed a rent or mortgage payment. Overall, a third (34%) of those in serious financial difficulties had done this; other households in this situation may also have accessed advice, but more than six months ago.

Of those using some form of advice or online information, two thirds (66%) said that it made them feel clear about what action to take, while almost half (48%) reported it made them feel less anxious and improved their financial situation (49%). This indicates a slight improvement when compared to May 2024, when 62% felt clear about what action to take, 45% felt less anxious and 42% felt their financial situation had improved following advice.

FINANCIAL DIFFICULTY TAKES ITS TOLL ON WELLBEING

As Figure 9 shows, we find a strong and consistent link between financial hardship and a range of negative outcomes affecting both physical and mental wellbeing. A noteworthy minority of all households reported some form of negative impacts, the figures were higher among those receiving Universal Credit, Personal Independence Payment (PIP) or Disability Living Allowance (DLA)[6], and those in the lowest income quintile – groups already more exposed to financial strain.

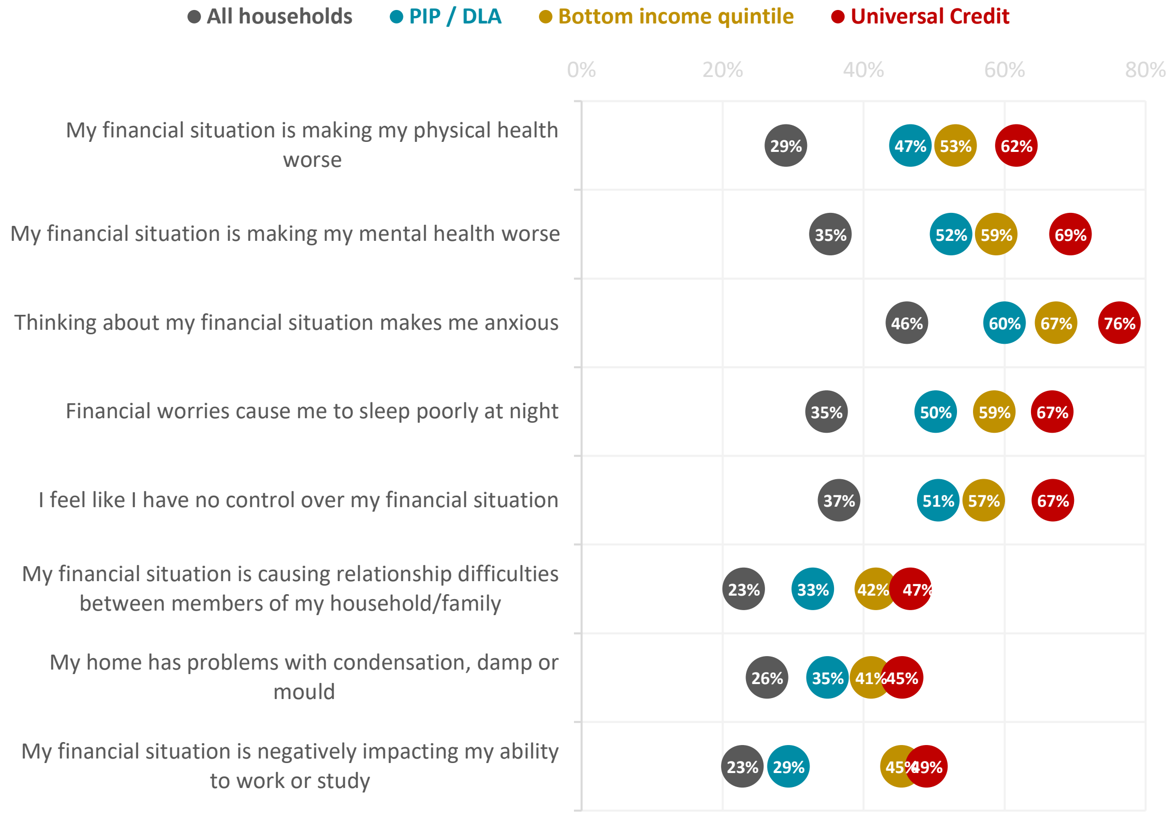
Three-in-ten of all households (29%) felt their financial situation was making their physical health worse, rising to 47% of those claiming PIP or DLA, 53% of those in the bottom income quintile and 62% of Universal Credit recipients. Mental health impacts were even more pronounced: 35% of all households reported that mental health was suffering because of their finances, increasing to 69% among those on Universal Credit and over half of those on PIP/DLA (52%). Related to this, nearly half of all households (46%) reported that thinking about their finances makes them feel anxious, a third (35%) said that financial worries cause them to lose sleep at night, and nearly four-in-ten (37%) felt they had no control over their finances. Again, all of these figures jump considerably for those in receipt of benefits or on low incomes; perhaps most notably, three-quarters (76%) of Universal Credit claimants feel anxious thinking about their finances.

Relationship difficulties as a result of financial pressures were also common, experienced by 23% of households – as were issues with damp, condensation and mould (as mentioned previously) (26%). Finally, just under a quarter (23%) of all households felt that their finances were impacting their ability to work or study. This rises to 28% among working age households and, quite notably, increases to 40% if looking at households containing one or more students.

The findings underline the close and often bi-directional relationship between financial insecurity and wider wellbeing. While health challenges can lead to financial difficulty, the experience of financial insecurity itself – and the lack of an adequate safety net – can further harm people's health and wellbeing, undermining their broader sense of psychological safety.

[6] DLA for adults is being replaced by PIP; however, households can still apply for DLA for disabled children.

Figure 9 – Percentage of households who experience a range of negative impacts on their wellbeing related to their finances, by income or benefit receipt

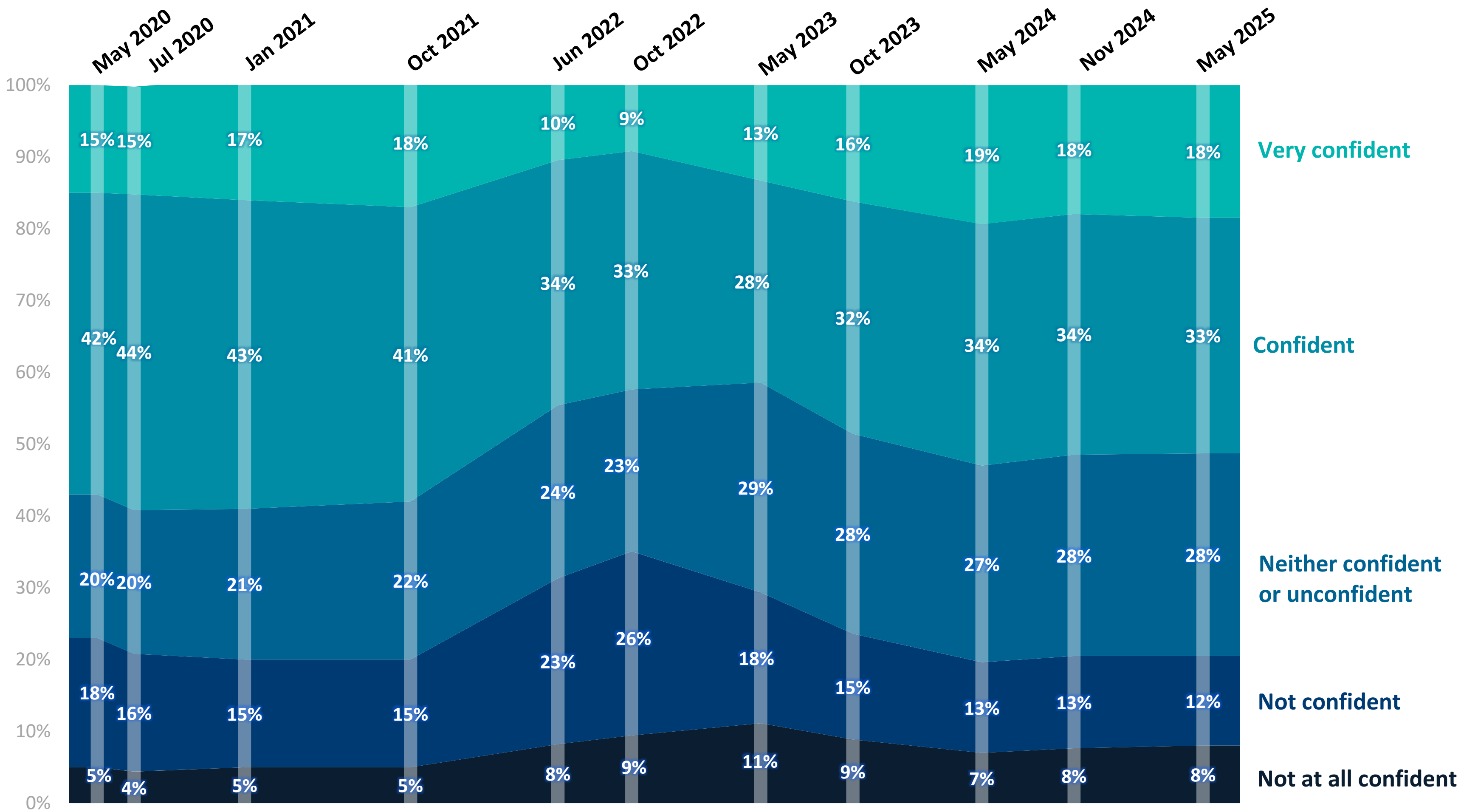


Notes: minimum sample sizes for each group as follows: all households = 5,743; PIP/DLA = 572; bottom income quintile = 882; UC = 636. Respondents were asked how well each statement fitted their current situation, with answers including 'fits very well', 'fits fairly well', 'doesn't fit very well' and 'doesn't fit at all'. Percentages represent those who said 'very' or 'fairly' well.

FINANCIAL CONFIDENCE IS LARGELY UNCHANGED

Looking to the future, in each Tracker we ask households how confident they feel about their financial situation in the coming three months (Figure 10). The over-arching story is that households are generally more optimistic than they were at the peak of the energy crisis throughout 2022-23 but there remains a sizeable proportion who still lack any sort of confidence in their finances. The 'very confident' group has swelled throughout 2024 and 2025, but the 'confident' group has been gradually squeezed (certainly compared to where it was in 2020 and 2021). This leaves around half of households feeling 'neither confident or unconfident' or unconfident. In this bottom half, the proportion who are 'not at all confident' remains stubbornly high at 8%, compared to figures of 4-5% in 2020-21 but down from a peak of 11% in May 2023.

Figure 10 – Households' confidence about their financial situation in the next three months



WHAT CAN GOVERNMENT DO TO SUPPORT HOUSEHOLDS?

Few policy options garner popular support

As in previous waves of the Tracker, we asked our nationally- and politically-representative sample about Government policies and possible future policy options. While people's views on such matters are often complex and nuanced, the results shed some light on the direction of broad public support for, or opposition to, different policies. Table 6 presents the results of a question that asked whether people thought possible policies would do more good than harm or more harm than good. Broadly, it reveals concerns among the public about reducing spending – especially related to benefits for disabled people – but also concerns about middle income households or businesses paying more tax. Respondents were, however, more open to the idea of increasing taxes for those with forms of wealth or on higher incomes. For each policy, approximately between one-in-eight and one-in-six respondents were unsure what the impacts would be.

Table 6 – Respondent views on whether different possible policies would do more good than harm or more harm than good

Potential policy	More good than harm	About as much good as harm	More harm than good	Don't know	Net: good vs harm
Reduce spending on benefits for disabled people	8%	20%	58%	13%	-50%
Reduce spending on public services	10%	21%	58%	12%	-48%
Increase taxes on middle income households	11%	30%	45%	14%	-34%
Increase taxes on businesses	21%	34%	30%	15%	-10%
Reduce spending on benefits for people out of work	24%	31%	30%	16%	-6%
Increase taxes on households with property wealth or other assets	43%	26%	16%	16%	28%
Increase taxes on higher income households	48%	25%	14%	12%	34%

Notes: 'Net good vs harm' is calculated simply by subtracting the 'more harm than good' column from the 'more good than harm' column.

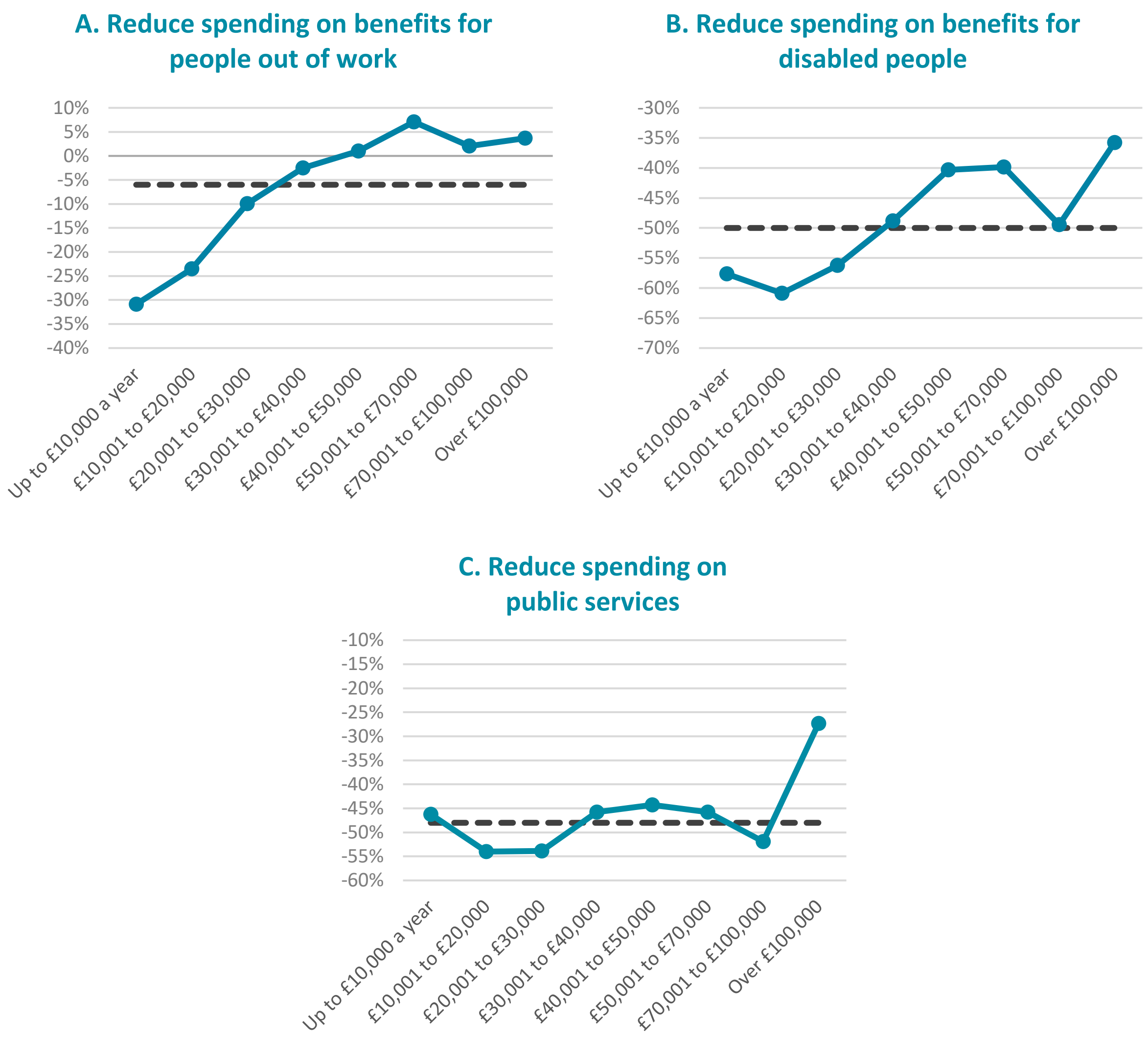
Cuts to welfare and spending were generally not viewed favourably

The majority of respondents (58%) felt that reducing spending on benefits for disabled people or reducing overall spending on public services would do 'more harm than good'. Fewer than one-in-ten thought such policies would achieve 'more good than harm'. Net support for each policy stood at -50% and -48% respectively. Views on reducing spending on benefits for people out of work were slightly more balanced, though still viewed negatively overall: 24% thought the good would outweigh the harm, while 30% thought such a move would do more harm than good, leaving net support of -6%.

There was some variation by political party supported. While supporters of all parties had negative net support for reducing overall spending and reducing benefits for disabled people, those who voted Conservative or Reform UK in 2024 appeared slightly more open to these policies (net support of -44% and -41% respectively for the Conservatives, and -43% and -37% respectively for Reform UK). In the case of reducing benefits for those out of work, net support turns positive among the voters of these two parties (+15% for the Conservatives and +6% for Reform UK). 2024 Labour voters, however, had negative net support for both policies to cut benefits (-55% for cutting disability benefits and -16% for cutting out-of-work benefits).

Household income was also correlated with differing levels of support for each policy. As Figures 11a and 11b demonstrate, and as one would expect, those on lower incomes were much more likely to be opposed to any benefit cuts. Those with an annual household income over £40,000, on the other hand, had positive net support for reducing spending on benefits for those out of work. When asked about reducing overall spending on public services, the only substantial outlier was those with household incomes over £100,000. While the idea still garnered negative net support, among this high-income group it was much more warmly received than among any other groups (-27%, c.f. -48% among all households).

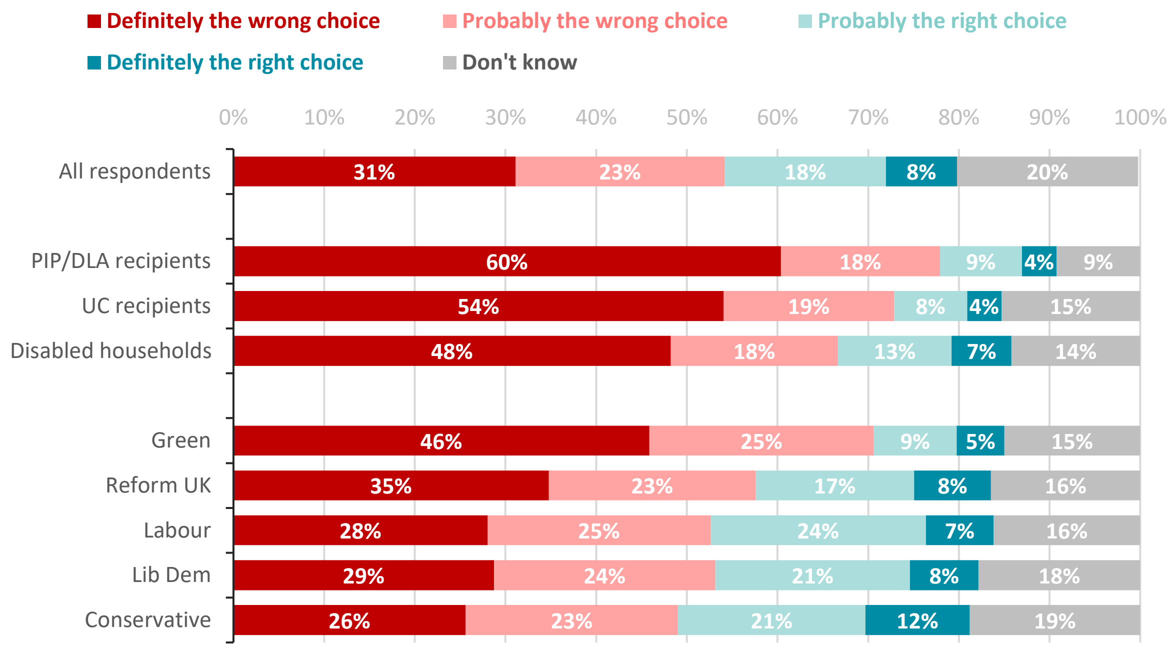
Figures 11a-c – Net support for various policies to reduce spending, by annual gross household income, relative to average support across all households (indicated by the dashed grey line). Please note that the y-axes of each chart have different maximum and minimum values.



Notes: sample sizes as follows: up to £10,000 = 307; £10-20k = 865; £20-30k = 1,048; £30-40k = 859; £50-70k = 813; £70-100k = 528; Over £100k = 405. 664 did not provide their income and are not therefore included in these charts.

We also asked respondents about the welfare changes introduced by the Government earlier in 2025, which aim to save the Government nearly £5 billion by 2029-30. While the proposals are wide-ranging, the most publicised changes include a tightening of the eligibility criteria to access the daily living component of PIP, scrapping of the work capability assessment and a proposal to remove the Universal Credit health element for those aged under 22. The vast majority of our survey respondents (90%) reported being aware of these changes. Of these, twice as many people felt that the Government's proposals were the 'wrong choice' (54%) than the 'right choice' (26%). Nearly a third (31%) felt the Government's proposals were 'definitely the wrong choice', while 23% thought that they were 'probably the wrong choice'.

Figure 12 – Views on the Government's proposed changes to welfare, by group and 2024 vote



Notes: sample sizes for sub-groups range from Green = 278 to Labour = 1,760.

As Figure 12 shows, opposition to these reforms was considerably higher among those more directly affected by the policies. Three-quarters (78%) of those receiving PIP or DLA felt the Government had made the wrong decision, as did 73% of those receiving Universal Credit. Two-thirds (67%) of disabled households opposed the changes. Similar levels of opposition were recorded among social renters (67%), people of pension age (62%), those in the second and bottom income quintiles (62% and 60% respectively), and single parents (58%). Opposition to the welfare changes largely follows the expected left-right leanings of each party, although it is interesting to note that those who voted Reform UK in 2024 were slightly more against the proposals (58% wrong choice) than those who voted for Labour (53%). In a sign of opposition among its core voters, it is also noteworthy that over half of those who voted for Labour in *both 2019 and 2024* felt that the Government had made the wrong choice (52%), while less than third (32%) thought they had made the right choice.

Widespread concern about these policies is perhaps unsurprising in a context where a high proportion of benefit claimants are struggling financially. We find that half of Universal Credit claimants (47%) are in serious financial difficulties and 45% are struggling to pay for food and other essentials, while these figures are 27% and 28% respectively for those in receipt of PIP or DLA (and 15% and 21% across all UK households).

People were more receptive to taxing the rich

As outlined in Table 6, survey respondents were generally against any tax increases on middle income households, with net support of -34%. Just one-in-ten (11%) thought such a move would do more good than harm, 30% were fairly neutral to the idea and 45% felt it would do more harm than good. Increasing taxes on businesses was viewed slightly more favourably but still overall had negative net support of -10%. On the other hand, respondents were relatively more receptive to the idea of increasing taxes on households with property wealth or other assets (net support of +28%) and increasing taxes on higher income households (+34%).

Figures 13a-d – Net support for various revenue-raising policies, by annual gross household income, relative to average support across all households (indicated by the dashed grey line). Please note that the y-axes of each chart have different maximum and minimum values.

Notes: sample sizes as follows: up to £10,000 = 307; £10-20k = 865; £20-30k = 1,048; £30-40k = 859; £50-70k = 813; £70-100k = 528; Over £100k = 405. 664 did not provide their income and are not therefore included in these charts.

As might be expected, attitudes towards tax rises for different groups depends on where someone sits within the income distribution (see Figure 13). While no income group had positive net support for taxes on middle income households, those with an annual household income under £30,000 had above-average support. Support for taxes on higher income households, this dropped at £50,000 . The pattern for taxes on property wealth or other assets is perhaps less clear when viewed by income, although those earning over £100,000 were most against the idea. When broken down by housing tenure, we find greatest support for property taxes among social renters (+42%), followed by private renters (+35%) and, interestingly, outright homeowners (+34%), with mortgagors being the least supportive (+28%). Finally, support for taxes on businesses is found to be lowest among those earning £10,000 to £40,000 per year, possibly suggesting some concern among this group about redundancy or job loss if businesses struggle to make money.

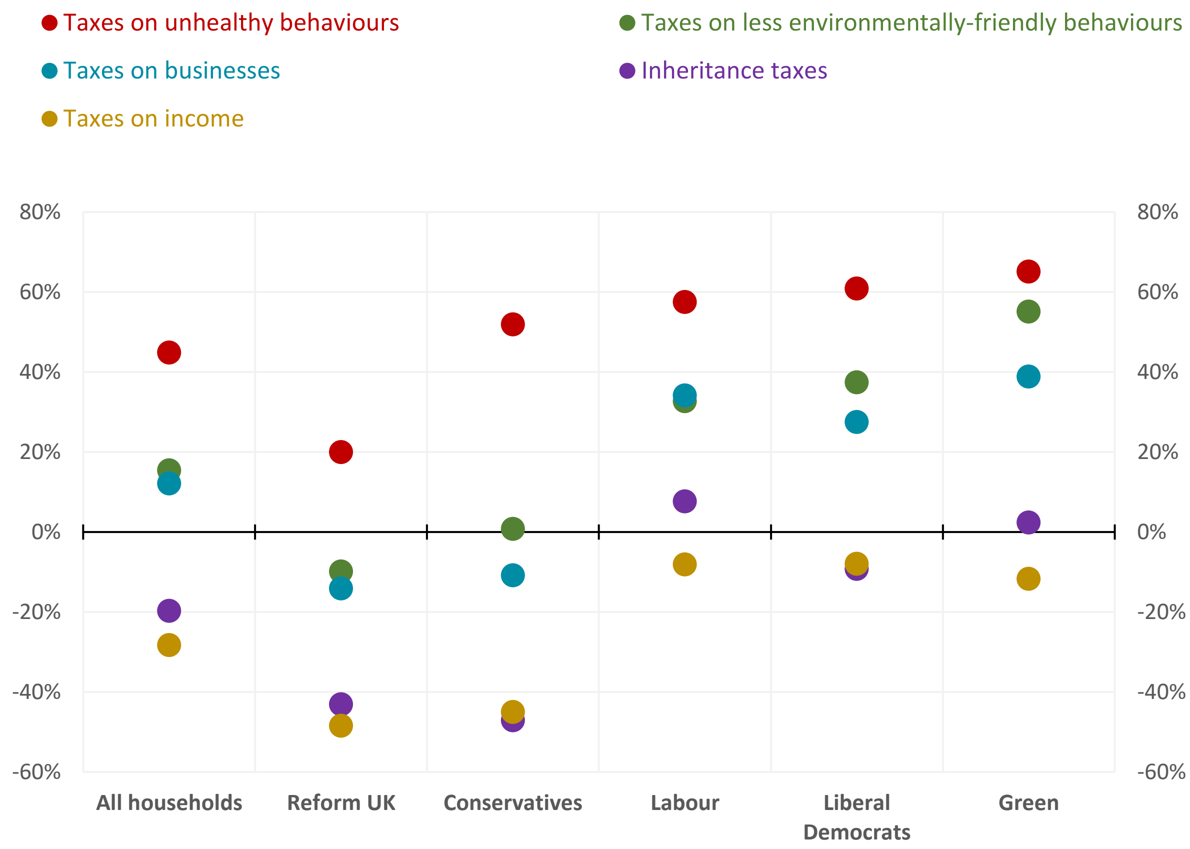
We also asked respondents for their views on a broader range of ways that the Government could raise tax revenue in the future, if needed to improve public services (Table 7). This highlighted more support for taxes on wealth and less support for taxes on income. Taxes on unhealthy behaviours (such as tobacco, vaping, alcohol, unhealthy food and gambling) had the highest level of net support (+45%) and taxes on less environmentally-friendly behaviours (like flying) were also positively received, albeit to a lesser extent (+15%). Despite being supportive of taxes on wealth in a broad sense, there was general opposition to reducing tax reliefs on pensions (-18%) or on savings (e.g. ISAs) (-19%) and to raising inheritance taxes (-20%). Increased taxes on vehicles (-26%), on general spending (e.g. VAT) (-36%) or in the form of higher Council Tax/rates (-43%) all had fairly high levels of opposition.

Table 7 – Support for and opposition to various potential tax measures that the Government could take to raise money for public services if needed

Potential policy	Support	Neither support nor oppose	Oppose	Don't know	Net: support vs oppose
Taxes on tobacco, vaping, alcohol, unhealthy foods and gambling	61%	17%	16%	6%	45%
Taxes on wealth (such as capital gains tax or taxes on the assets of wealthy individuals)	54%	20%	18%	8%	36%
Taxes on spending on less environmentally-friendly behaviours (e.g. flying)	40%	28%	24%	8%	15%
Taxes on businesses	37%	29%	25%	10%	12%
Reducing tax reliefs on pensions	25%	20%	44%	11%	-18%
Reducing tax reliefs on certain savings (e.g. ISAs)	22%	25%	41%	12%	-19%
Inheritance taxes	24%	23%	44%	9%	-20%
Taxes on vehicles or petrol/diesel	21%	23%	47%	8%	-26%
Taxes on income (such as income tax and national insurance)	20%	24%	48%	8%	-28%
Taxes on general spending (such as VAT)	15%	25%	52%	8%	-36%
Council Tax/rates	14%	22%	57%	7%	-43%

Notes: 'Support' column comprises of 'strongly support' and 'tend to support', while the 'Oppose' column comprises 'Strongly oppose' and 'Tend to oppose'. 'Net support vs oppose' is calculated simply by subtracting the 'oppose' column from the 'support' column.

Figure 14 – Net support for selected possible future tax-raising policies, by 2024 vote



Notes: sample sizes as follows: Reform UK = 556, Conservatives = 1,109; Labour = 1,890; Lib Dem = 522; Green = 302.

As Figure 14 demonstrates, political affiliation is correlated with lower or higher support for certain tax rises. Notably, those who voted Reform UK in 2024 were substantially less likely than voters of other parties to support taxes on unhealthy behaviours or 'green' taxes on less environmentally-friendly behaviours; though they are more aligned with the Conservatives in their dislike of future tax rises on businesses, income or inheritance. Labour and Green Party voters were more likely to support inheritance taxes than the Lib Dems, but otherwise voters of these three parties were broadly aligned. Green Party voters unsurprisingly were the most supportive of 'green' taxes.

Technical note

The survey was undertaken by Opinium between 1st and 13th May 2025 for the abrdn Financial Fairness Trust and was conducted online. It is the 12th in a series of cross-sectional surveys tracking the financial impact of the coronavirus pandemic and subsequent cost of living crisis on UK households, by asking key questions repeated at several time points. In each wave, these key questions are supplemented by new questions that aim to capture and reflect the evolving situation.

The sample for this report consists of 6,088 respondents recruited from Opinium's online panel (which is designed to be nationally- and politically-representative). The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report.

The segmentation of households into four categories is based on scores from a principal component analysis of seven survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Those scoring 80 to 100 were classed as being financially secure. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017) Financial Wellbeing: A Conceptual Model and Preliminary Analysis.

If you are interested in potentially using data from this report or seeing more detailed results tables, please email pfrc-manager@bristol.ac.uk.

University of BRISTOL
/PFRC

Authors:
Jamie Evans, Katie Cross and Sharon Collard

Jamie Evans is a Research Fellow at the Personal Finance Research Centre.

Katie Cross is a Senior Research Associate at PFRC.

Sharon Collard is Professor of Personal Finance and Research Co-Director of the Personal Finance Research Centre.

Acknowledgements
Our thanks to the team at Opinium, and to the members of their online panel who gave their time to take part in the survey. We hope that this report accurately reflects the situations they are experiencing. There are also many people whose input was important to this report. First, thanks to Christian Poppe, Elaine Kempson and Nick Smith who have been crucial in the development of the Tracker, and to David Collings who helped prepare this report. Our thanks also to Mubin Haq, Judith Mabelis, Charlotte Morris, Karen Barker and the team at abrdn Financial Fairness Trust for their ongoing input and feedback, and for their generous support in funding this research.

About the Personal Finance Research Centre (PFRC)
PFRC is an interdisciplinary research centre exploring the financial issues that affect individuals and households. It combines multi-method approaches with specialisms drawn from social policy, human geography, psychology and social research.

www.bristol.ac.uk/pfrc

About abrdn Financial Fairness Trust
abrdn Financial Fairness Trust is an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Its focus is improving the lives of people on low-to-middle incomes in the UK.

www.financialfairness.org.uk/

abrdn
Financial Fairness Trust