The Financial Wellbeing of UK households

Autumn 2024

Findings from the 11th Financial Fairness Tracker Survey

Jamie Evans, Katie Cross and Sharon Collard
January 2025

This report is based on results from the 11th 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 nearly 6,000 households in November 2024 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

- **There has been a slight decline in financial wellbeing since wave 10 (May 2024)**. This has been driven by a decline in the proportion who are 'financially secure' (25%, down from 28%) and corresponding increase in 'exposed' households (36%, up from 34%). The proportion of households 'struggling'(24%) and 'in serious difficulties' (15%) remains unchanged
- **Much of this appears to be driven by a decline in the proportion of older adults who feel 'financially secure'** (from 49% to 40% among pensionable age households). Nevertheless, the older population remain more financially secure than those of working age (40% versus 21%) and less likely to be in serious financial difficulties (7% versus 17%). However, nearly half (47%) of low-income pensioner households say they are worried about meeting their energy bills in the next three months, an increase from 30% in May and from 38% a year ago.
- **We see gradual improvement on certain indicators of financial difficulty**. For example, the proportion of people struggling to pay for food and other essentials has fallen from 24% in October 2023 to 20% in November 2024. However, on indicators of saving and financial resilience, there appears to have been a slight worsening following improvement earlier in 2024: fewer households report being able to cover all of an unexpected bill equivalent to one month's income (44% in November, down from 47% in May, but similar to 43% last October).
- **Households with children remain less financially well.** Nearly half (48%) of households with children are 'struggling' or 'in serious difficulties', compared with 40% of working age households without children. Some families face even more significant financial pressures:
    - 62% of families with three or more children are struggling or in difficulty; half (52%) live in homes with problems with damp, mould or condensation; and one-in-three (29%) say they are often unable to afford a balanced or healthy diet.
    - Families with disabled children were four times less likely to be financially secure (4%, compared to 17% of other parents). Three-in-five (60%) lived in damp homes, while a third (34%) said they could not afford a healthy diet.
    - Children growing up in rented homes are particularly affected. Three-in-five families in private rented homes are struggling financially (63%) and over half (52%) face issues with damp, mould and condensation.

abrdn Financial Fairness Trust

University of Bristol

There has been a slight decline in financial wellbeing between May 2024 and November 2024

Financially secure
28% → 25%

Financially exposed
34% → 36%

Struggling
24% → 24%

In serious difficulties
15% → 15%

Much of this appears to be driven by a decline in the proportion of older adults who feel 'financially secure'

40%
down from 49%

Nevertheless, the older population remain more financially secure than those of working age (40% vs 21%) and less likely to be 'in serious difficulties' (7% vs 17%).

We see a gradual improvement on certain indicators of financial difficulty

The proportion of people struggling to pay for food and other essentials has fallen to 20% (from 24% in October 2023).

While on indicators of saving and financial resilience, there appears to be a slight worsening

Fewer households report being able to cover all of an unexpected bill equivalent to 1 month's income (44% down from 47% in May 2023).

Households with children remain less financially well than those without children, and some families face even more significiant financial pressures

Families with disabled children are 4x less likely to be financially secure (4% vs 17% other parent families).

3 in 5 families with disabled children live in damp homes, while 1/3 said they can't afford a healthy diet.

Children in rented homes were particularly affected. 3 in 5 private renter families are struggling financially, and over half face issues with damp, mould and condensation.

INTRODUCTION

Since the last Financial Fairness Tracker (in May 2024), the UK voted to elect a Labour Government for the first time in 14 years. Prior to the election, we found that nearly 11 million households were either in serious financial difficulty or struggling financially – an increase of over 3 million since 2021. The new government will almost certainly be judged on its ability to bring these numbers down. We hope that our twice-yearly editions of the Tracker provide a valuable barometer to assess progress against these ambitions.

The opening 100 days of the new Government have not been uneventful. Much debate continues surrounding its first Budget in October 2024 (discussed in more detail in our separate briefing paper), as well as backlash over the unexpected withdrawal of the universal Winter Fuel Payment for older people (an annual payment worth between £200-£300), which is now means-tested. This change may help explain some of the increasingly negative views about their financial situation that we see among older people (particularly those on low incomes) in this edition of the Tracker.

Data from the Tracker also shines a light on the Government's other policy ambitions. First, the key themes in the Government's Child Poverty Strategy (expected spring/summer 2025) speak directly to tackling issues that the Tracker regularly highlights, including: (1) increasing incomes; (2) reducing essential costs such as energy and housing; and (3) increasing financial resilience. As in previous Trackers, this edition highlights how far households with children lag behind other households in terms of their financial wellbeing; with single parent households, larger families, and families with disabled children especially likely to be in poor financial health.

Secondly, we regularly report on the links between poor financial wellbeing, poor quality rented housing and the rising costs of renting. In this edition, we again see the impact on families with children, where 41% of all households with children report problems with damp, condensation or mould, rising to 52% of families living in private rentals. The Renters' Rights Bill (expected to become law in 2025) proposes to introduce a decent homes standard to the private rented sector and give local authorities power to enforce it, as well as limit rent increases to no more than once a year.

Finally, the Government's Get Britain Working White Paper sets out its ambition to reduce ill health-related economic activity, with its reforms intended to "*target and tackle the root causes behind why people are not working, joining up help and support, based on the needs of local people and local places.*" Addressing the well evidenced links – including eleven waves of Tracker data – between low financial wellbeing and poor mental and physical health will be important in this respect.

This eleventh edition of the Financial Fairness Tracker provides an overview of the financial wellbeing of UK households at the outset of the new Government's policy journey. We begin with an overview of UK households' financial wellbeing, before looking at which groups are faring better and worse. We conclude by looking at households' confidence in their financial situations going forward.

Key methodological details

Sample size:	Fieldwork dates:	Type of survey:
5,804 householders (with some responsibility for bills / household finances)	4th – 13th November 2024	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 HOUSEHOLDS IN NOVEMBER 2024

Slight decline in financial wellbeing, but only at the top

Compared to the previous wave of the Tracker (May 2024), we have seen a slight decline in overall financial wellbeing in the UK. This has been entirely driven by fewer households being in our 'financially secure' category (falling from 28% to 25%) and a corresponding increase in the 'financially exposed' group (from 34% to 36%). This means approximately 1 million fewer financially secure households since May. The proportion of households 'struggling' (24%) and 'in serious financial difficulties' (15%) has remained broadly unchanged.

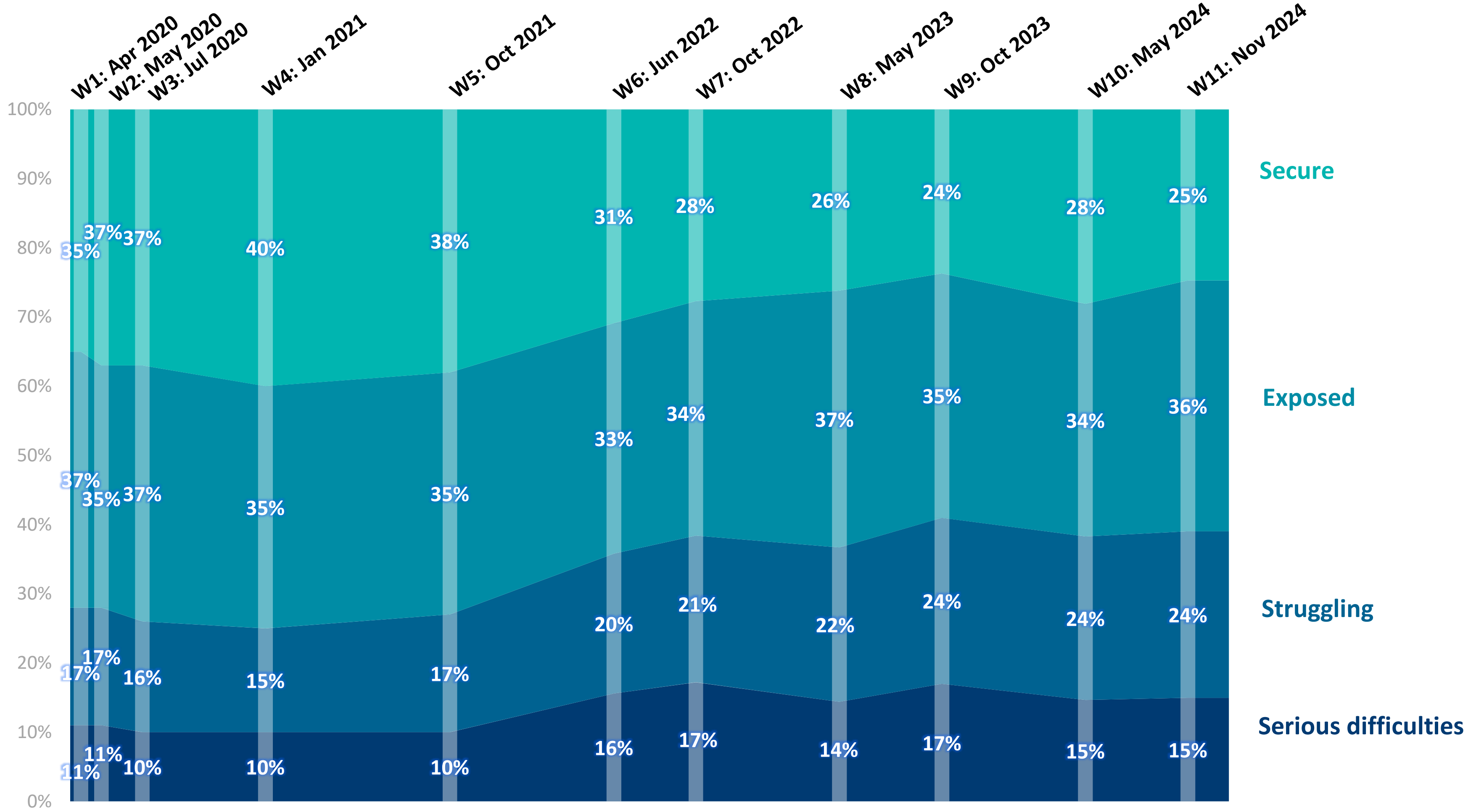
Compared with the same time last year (October 2023), we see that financial wellbeing has improved somewhat but is still considerably worse than it was three years ago (Table 1). Compared to October 2021 (prior to the cost-of-living crisis, in which inflation hit its highest rate since 1981), there are now 11 million people either struggling or in serious financial difficulty (3.4 million more households) and 7 million households who feel financially secure (3.7 million less). Therefore, despite a slight year-on-year improvement in financial wellbeing, we are yet to see significant enough reductions in financial difficulty to reverse the impact that the cost-of-living crisis has had on UK households.

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

Financial wellbeing category	Percentage of UK households in Nov 2024	Number of UK households in Nov 2024	Overall change since May 2024	Overall change since Oct 2023	Overall change since Oct 2021
Secure	**25%**	**7.0 million**	**-1.0 million**	**+0.3 million**	**-3.7 million**
Exposed	**36%**	**10.2 million**	**+0.7 million**	**+0.3 million**	**+0.4 million**
Struggling	**24%**	**6.8 million**	**+0.1 million**	**0.0 million**	**+2.0 million**
Serious difficulties	**15%**	**4.2 million**	**+0.1 million**	**-0.6 million**	**+1.4 million**

Notes: Please note that figures have been rounded in this and subsequent tables and may therefore appear not to sum up to 100%. Nov 2024 sample size is 5,804 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 11 waves of the Financial Fairness Tracker, from 2020 to 2024. 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.

Box 1 – An overview of the four financial wellbeing categories

Secure

25% of households

Scoring 80+ on our financial wellbeing index

Most common financial situation:

How well meeting bills and credit commitments:	**'Without any difficulty'** (87%)
Number of months income in savings:	**12 months +** (68%)
Median annual pre-tax household income:	**£40-45k**
Income quintile (after housing costs):	**Top quintile**

Exposed

36% of households

Scoring 50-79 on our financial wellbeing index

Most common financial situation:

How well meeting bills and credit commitments:	**'Without any difficulty'** (50%)
Number of months income in savings:	**1-3 months** (34%)
Median annual pre-tax household income:	**£35-40k**
Income quintile (after housing costs):	**Third quintile**

Struggling

24% of households

Scoring 30-49 on our financial wellbeing index

Most common financial situation:

How well meeting bills and credit commitments:	**'Struggle from time to time'** (76%)
Number of months income in savings:	**No savings** (37%)
Median annual pre-tax household income:	**£30-35k**
Income quintile (after housing costs):	**Second quintile**

Serious difficulties

15% of households

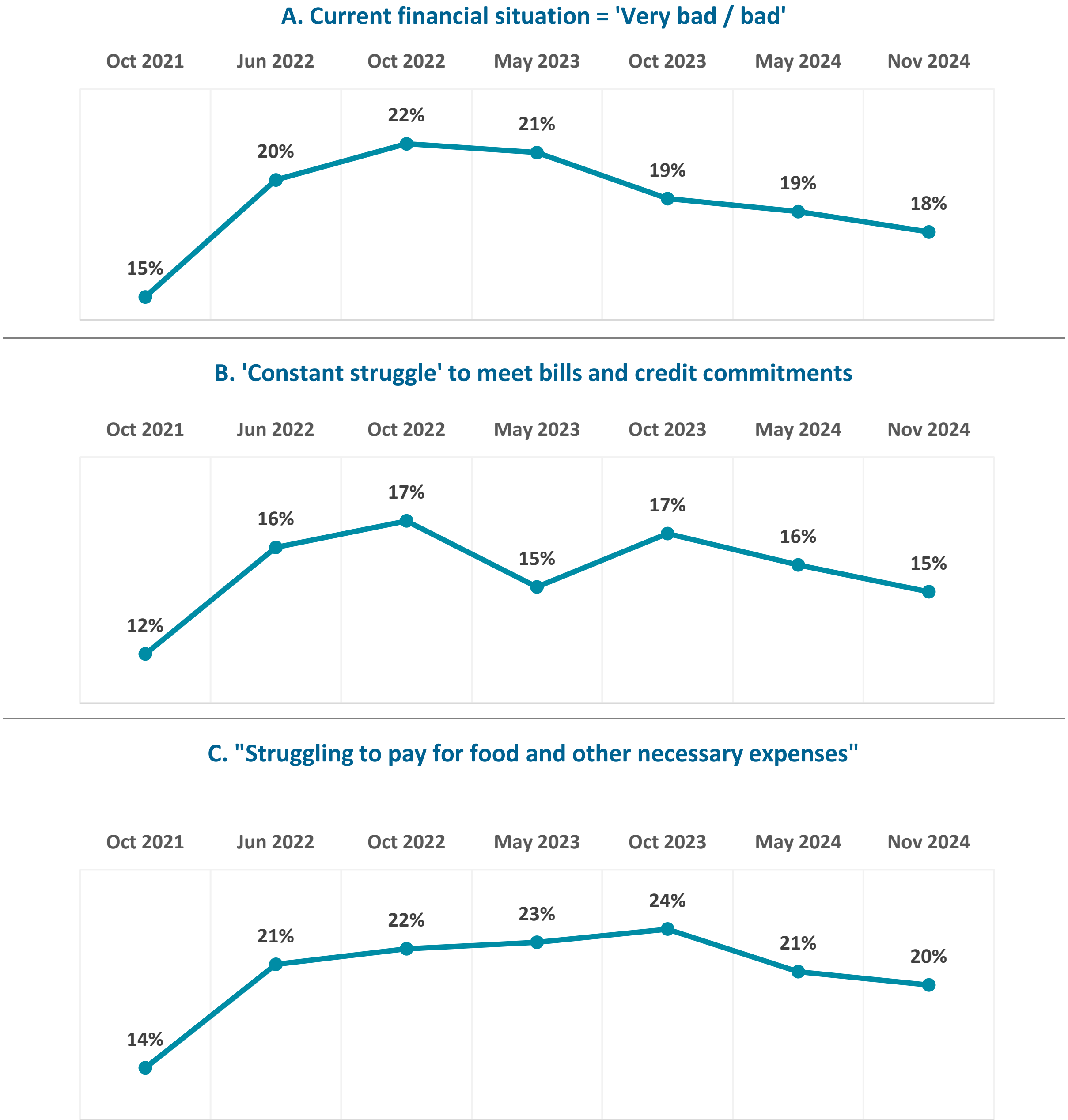
Scoring under 30 on our financial wellbeing index

Most common financial situation:

How well meeting bills and credit commitments:	**'Constant struggle'** (68%)
Number of months income in savings:	**No savings** (86%)
Median annual pre-tax household income:	**£20-25k**
Income quintile (after housing costs):	**Bottom quintile**

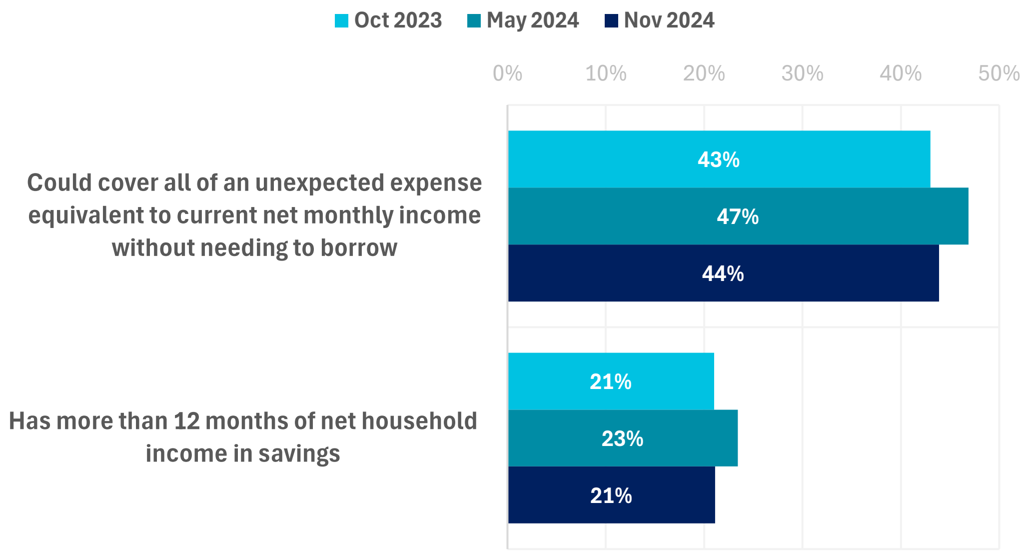
As mentioned, the vast majority of the change in financial wellbeing appears to have occurred at the top of the spectrum and there has been little change overall in the proportion of those ‘struggling’ or in ‘serious financial difficulties’. However, when looking closer at a range of different indicators that are usually associated with more severe hardship (Figures 2a-c), there appears to have been gradual improvements over the past few survey waves. For example, the proportion of households who describe their current financial situation as ‘bad’ has been declining slowly since October 2022 (from 22% to 18%), as has the proportion who describe meeting their bills and credit commitments as a ‘constant struggle’ (from 17% to 15%). Nevertheless, these proportions remain higher than October 2021 (prior to the cost-of-living crisis).

Figure 2a-c - Proportion of UK households struggling on various indicators of financial wellbeing (October 2021 to November 2024)



It is only when we look at indicators of greater financial security, or greater financial resilience, that the worsening of financial wellbeing becomes more evident. For example, compared to wave 10 (May 2024), the proportion of households who have more than 12 months of their net household income in savings has declined slightly from 23% to 21%. There have been decreases in the proportion of households able to cover all of an unexpected expense (equivalent to their net monthly income) without needing to borrow (see Figure 3). For both indicators, however, this marks a return to the situation the same time in 2023, suggesting that any improvement seen in May 2024 may have only been temporary. It will be interesting to see how these indicators evolve in the coming waves.

Figure 3 - Proportion of households across indicators of financial resilience (Oct 2023 - Nov 2024)



WHICH GROUPS ARE FARING BETTER OR WORSE?

Table 2 shows the proportion of different groups of households who were categorised either as 'struggling' or 'in serious difficulties' on our measure of financial wellbeing. It demonstrates that certain groups are more likely to be in financial difficulty than others. Consistent with previous waves, the groups most likely to be struggling or in serious difficulty were: households where someone was out of work due to ill health (70% struggling/in difficulty); social renters (69%); unemployed people (68%); those in the bottom income quintile (65%); and those in receipt of means-tested benefits (63%). Notably, as we will later discuss, households with children (especially single parent households) were more likely to be facing financial challenges. Conversely, older people (especially those aged 70+), outright homeowners and those on higher incomes were less likely to be in such difficulties.

Looking at changes between waves, as previously noted, at an overall level we have seen little change in financial difficulty since May 2024. There have therefore been almost no significant shifts when looking at specific groups of households (as shown in Table 2). The only statistically significant difference we observe (when looking at those 'struggling' and 'in serious financial difficulty') was among retired households (an increase from 22% in May to 25% in November 2024, driven by a three-percentage-point increase in the proportion 'struggling').

Table 2 – Proportion of households in serious financial difficulties or struggling, by socio-demographic groups and wave. Darker shading indicates worse financial wellbeing. Statistically significant changes between W10 and W11 indicated by asterisks.

Group	Oct 2023 (W9)	May 2024 (W10)	Nov 2024 (W11)	Change: W10 to W11	Sig.
All households	41%	38%	39%	1%	
Couple, no children	30%	26%	28%	2%	
Single, no children	48%	45%	44%	0%	
Couple with children	44%	45%	45%	1%	
Single parent	65%	62%	57%	-4%	
No children	38%	34%	35%	1%	
Has children in household	48%	48%	48%	0%	
Age: 70 or over	25%	21%	24%	3%	
Age: 60-69	32%	27%	31%	4%	
Age: 50-59	44%	44%	42%	-2%	
Age: 40-49	52%	46%	50%	4%	
Age: 30-39	49%	47%	44%	-4%	
Age: Under 30	42%	44%	44%	0%	
Pensionable age	25%	21%	24%	3%	
Working age	45%	43%	43%	0%	
Own outright	18%	20%	21%	1%	
Own with mortgage	39%	37%	38%	2%	
Private rent	59%	57%	56%	0%	
Social rent	71%	68%	69%	1%	
Any white ethnic group	40%	37%	38%	0%	
Any ethnic minority group	45%	45%	44%	-1%	
Two earners	40%	39%	37%	-2%	
One earner	46%	41%	45%	4%	
No earners (working age)	57%	53%	55%	1%	
Retiree(s) in household	25%	22%	25%	3%	*
Student(s) in household	55%	54%	57%	3%	
Someone unemployed in household	69%	66%	68%	1%	
Someone not working due to ill health	63%	65%	70%	5%	
Disability-related benefits	57%	54%	57%	3%	
Income-related benefits	64%	64%	63%	-1%	
Top income quintile	26%	20%	20%	0%	
4th income quintile	26%	21%	21%	-1%	
3rd income quintile	39%	33%	34%	1%	
2nd income quintile	53%	52%	50%	-3%	
Bottom income quintile	63%	60%	65%	5%	
Most deprived quintile of areas	53%	51%	49%	-3%	
Least deprived quintile of areas	28%	27%	25%	-2%	
Rural	34%	34%	36%	2%	
Urban or town	40%	37%	37%	1%	

Notes: statistically significant changes (at $p<0.05$) between wave 10 and wave 11 indicated by asterisks in the final column. W11 sample sizes range from 123 (students) to 5,804 (all households).

While still faring well overall, older people's financial wellbeing has declined

As Figures 4a and 4b show, between May and November 2024 older households have seen more change in their financial wellbeing than working age households, for whom the situation has been largely stable. Pension age households remain less likely than working age household to be in serious difficulties (7% cf. 17%) or struggling (17% cf. 26%) but have seen a decline in the proportion who are financially secure (from 49% to 40%). As we go on to discuss, it is possible that policy developments – such as the means-testing of Winter Fuel Payment announced in July 2024 – may have caused some older survey respondents to lose some confidence in their financial situation.

Figure 4a – Financial wellbeing categories in May and November 2024, by age group

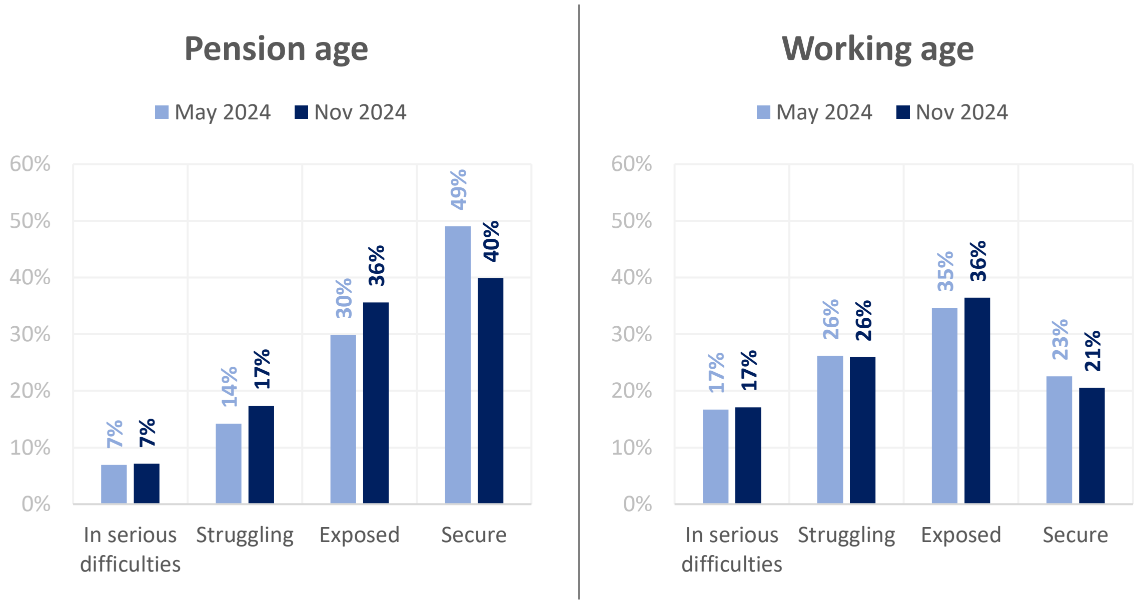
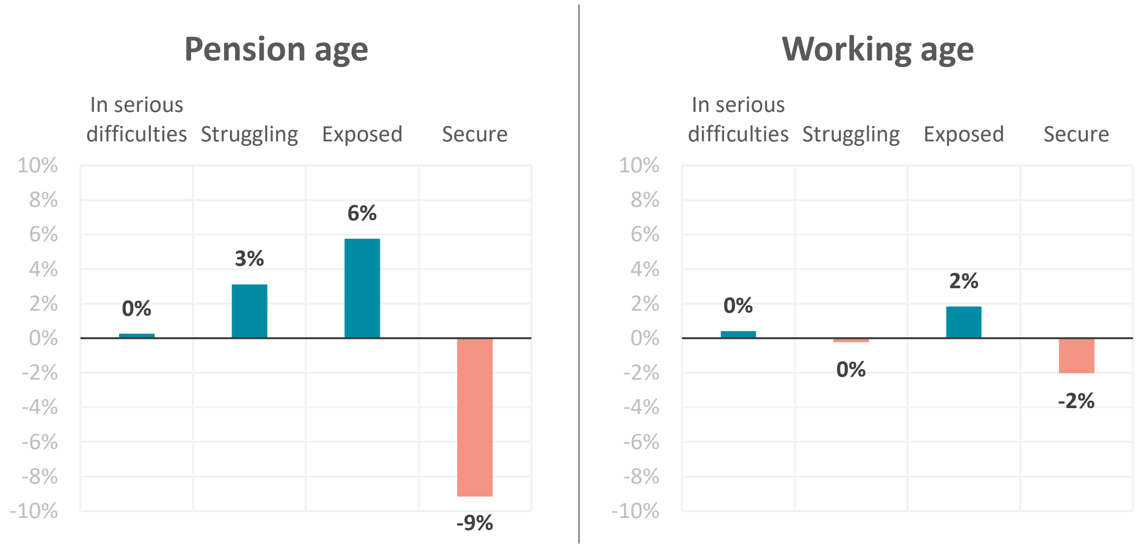


Figure 4b – Change in financial wellbeing between May and November 2024, by age group



Notes: sample sizes for May 2024 and Nov 2024 as follows: pension age = 1,271 and 1,399; working age = 4,301 and 4,405.

Table 3 provides a more detailed breakdown of financial wellbeing by age. It shows how the level of 'serious financial difficulty' peaks among those aged 40-49 (22%, compared with 15% overall), while those under 30 were the most likely age group to be 'struggling' (30%, compared with 24% overall) or 'exposed' (47%, compared with 36% overall). Despite the decline since May 2024, those aged 70 or over continue to be the most likely to be 'financially secure' (40% of this group, compared with 25% overall).

Table 3 – Financial wellbeing categories in May and November 2024, by age group

		Under 30	30-39	40-49	50-59	60-69	70 or over	All households
In serious difficulties	May 2024	9%	15%	23%	20%	12%	6%	15%
	Nov 2024	14%	16%	22%	17%	13%	6%	15%
	Change	*4%*	*1%*	*0%*	*-3%*	*1%*	*0%*	*0%*
Struggling	May 2024	34%	33%	23%	24%	15%	14%	24%
	Nov 2024	30%	28%	27%	25%	18%	17%	24%
	Change	*-4%*	*-5%*	*4%*	*1%*	*3%*	*3%*	*0%*
Exposed	May 2024	41%	38%	33%	30%	31%	30%	34%
	Nov 2024	47%	39%	32%	33%	33%	36%	36%
	Change	*5%*	*2%*	*-1%*	*3%*	*2%*	*6%*	*3%*
Secure	May 2024	15%	15%	21%	26%	42%	50%	28%
	Nov 2024	10%	17%	18%	25%	36%	40%	25%
	Change	*-5%*	*2%*	*-3%*	*-1%*	*-6%*	*-10%*	*-3%*

Notes: sample sizes for age groups range from 514 (Under 30, May 2024) to 1,159 (50-59, May 2024).

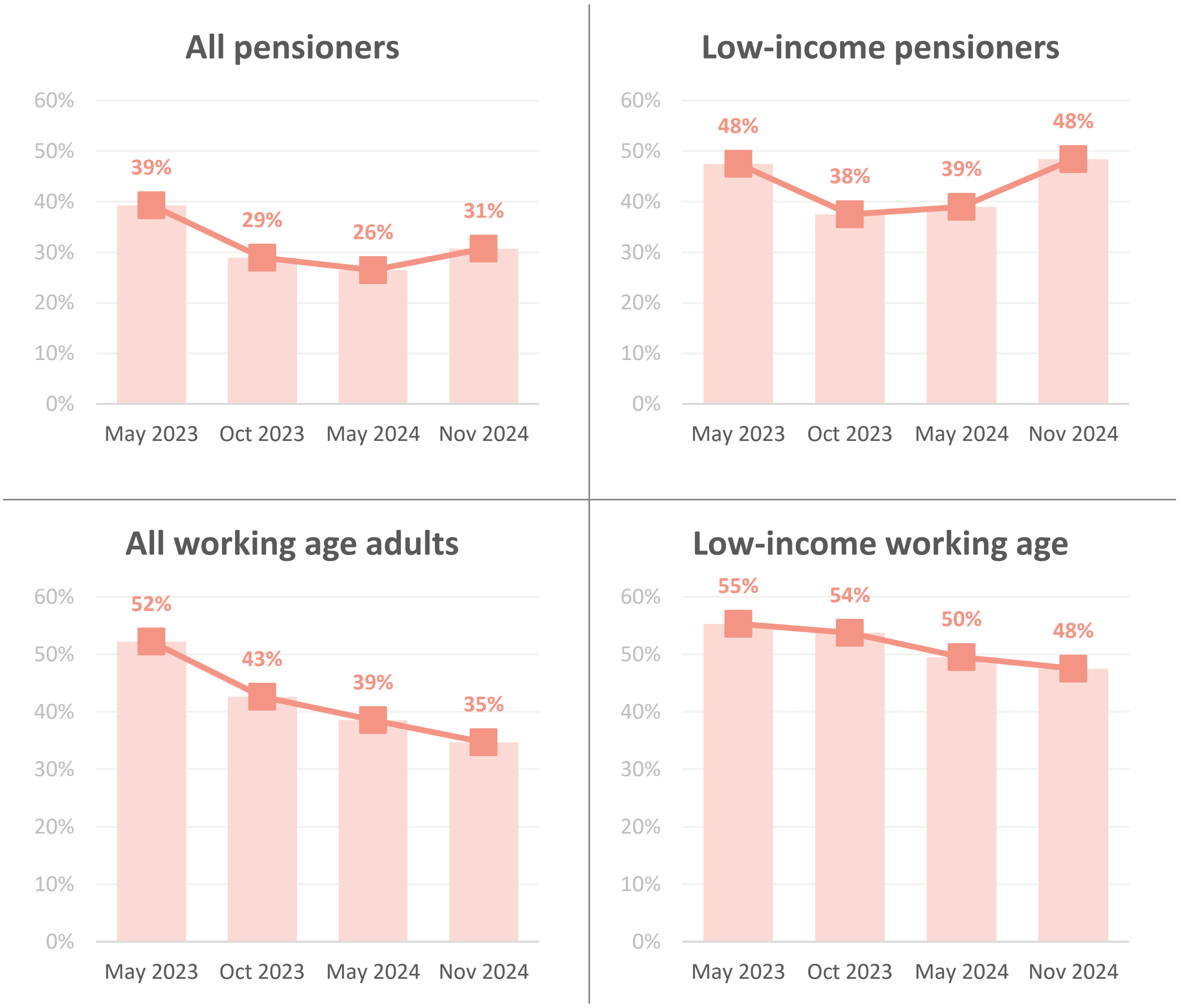
To better understand the decrease in financial wellbeing among older adults we can look at other specific questions from the survey. This broadly reveals that older respondents in November 2024 had become more negative about their general day-to-day finances and also reported lower levels of financial resilience (in the form of savings or ability to meet large expenses). They had not, however, typically seen any uptick in indicators of financial distress, such as missed payments. We see, for example, a decrease in the proportion of pension-age households who said they were able to meet their bills and credit commitments 'without any difficulty' (from 58% to 53%) and an increase in the proportion with no savings (from 14% to 17%), but no change in the proportion who had borrowed money to meet daily living expenses in the past six months (26%).

As Figure 5 shows, in the most recent survey wave we see a small uptick in the proportion of pension age households who describe the last six months as 'very' or 'quite negative' for their household finances (from 26% in May to 31% in November 2024). This is still lower than the equivalent figure had been in the first half of 2023 – when 39% felt the last six months had been negative financially – but it is interesting to note that we see no such increase among working age respondents, who have seen a decrease from 39% to 35% between May and November 2024.

As one might expect, pensioners with the lowest incomes (those in the bottom income quintile) were more likely than the average pensioner to describe the past six months as 'negative' for their finances, but it is notable that the rate of increase appears greater among this group (from 39% to

48% between May and November 2024). This increase, however, is not statistically significant, as sample sizes for some of these groups are relatively small, so should be treated with caution. Unlike among pensioner households, low-income working age households have seen no increase in negativity over this time (though started at a higher level anyway) (50% in May and 48% in November).

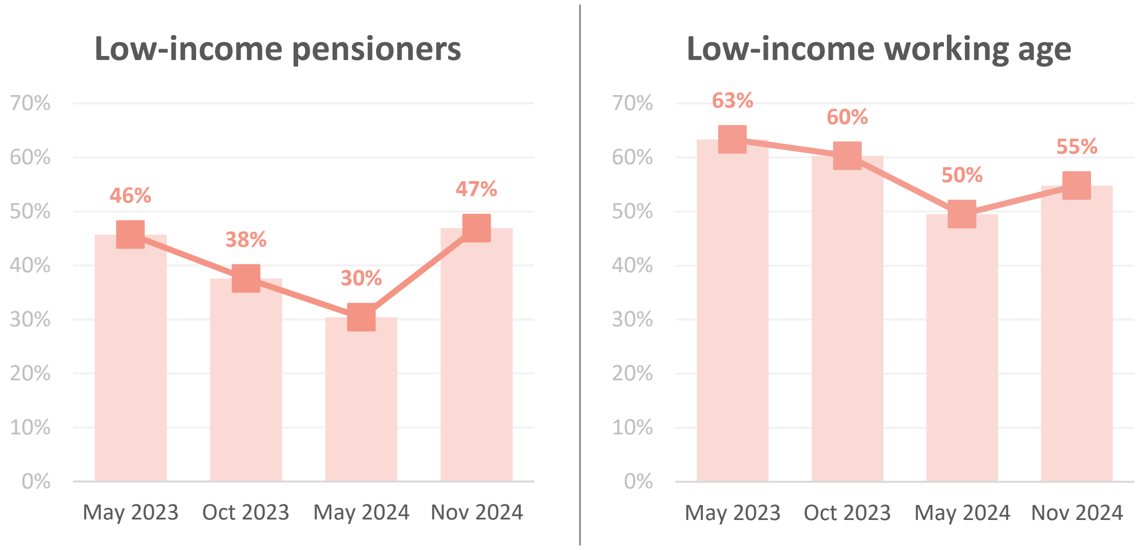
Figure 5 – Percentage describing the last six months as 'negative' for their household finances, over the past four survey waves



Notes: Nov 2024 sample sizes as follows: pensioners = 1,399; low-income pensioners = 151; low-income working age = 735; working age adults = 4,405. 'Low-income' defined as having a monthly household income in the bottom 20% of incomes, after adjusting for household size and after housing costs have been deducted.

While we see relatively little change in the proportion of low-income pensioners who describe their *current* energy bills as 'unaffordable' (42% in October 2023, 41% in May 2024 and 44% in November 2024 – all non-significant changes), we do see an uptick in the proportion of pensioners who are concerned about *future* energy bills (from 14% to 19%). The proportion of low-income pensioners who say they are either 'very' or 'quite worried' about meeting their energy bills in the next three months has increased from 30% in May 2024 to 47% this wave (Figure 6). Among low-income working age households the increase is smaller (from 50% to 55%) but clearly starts from a higher level.

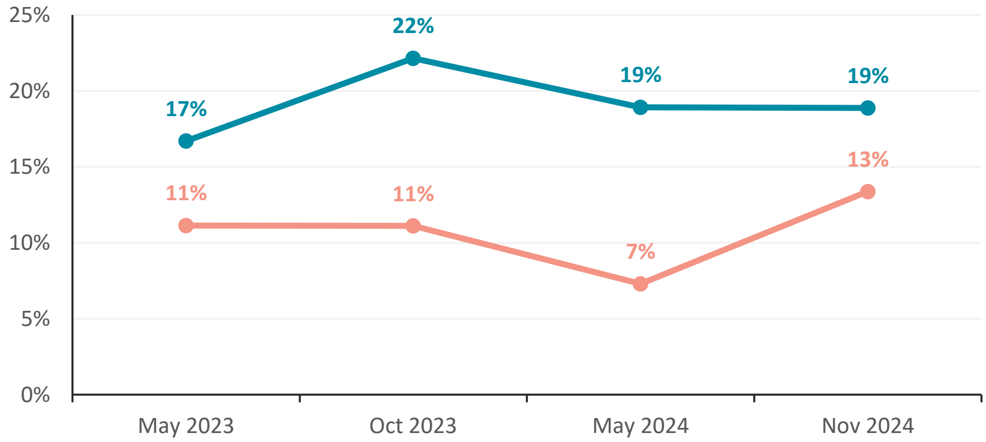
Figure 6 – Percentage of households who say they are worried about their ability to meet their household energy bills in the next three months



Notes: Nov 2024 sample sizes as follows: low-income pensioners = 134; low-income working age = 735.

Lastly, as a sign that lower income pensioner households are looking for new ways to make ends meet, we note an increase in the proportion of pension age households reporting that they have attempted to access some form of benefits or support funds in the past six months –from 7% in May rising to 13% in November (Figure 7). This largely tallies with data reported by the Department for Work and Pensions (DWP) showing that the average weekly number of Pension Credit claims has more than doubled since July, following the Chancellor's announcement of the means-testing of Winter Fuel Payment. The rate among working age households is higher than pensioners but has remained unchanged in 2024 (19%).

Figure 7 – Percentage of pension age and working age households who report having attempted to access benefits or support funds in the last six months



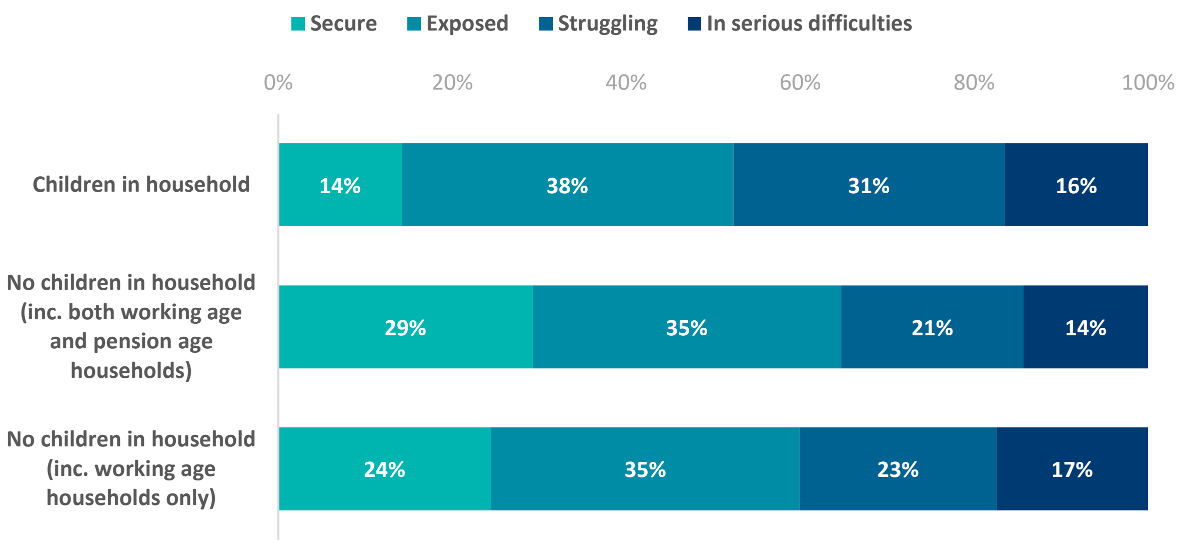
Notes: Nov 2024 sample sizes as follows: pension age = 1,399; working age = 4,405.

Families with children continue to face significant financial pressures

The Government's Child Poverty Strategy aims to achieve "an enduring reduction in child poverty in this parliament, as part of a 10-year Strategy for lasting change". It intends to reverse a trend that has seen rates of child poverty rise over time, with the number of children living in poverty increasing by 700,000 between 2010/11 and 2022/23. Over four million children now live in poverty, which is equivalent to three in every ten children in the UK. As noted in the Government's Strategy, reducing child poverty will "transform lives and communities" and is "both a moral imperative and crucial to building a stronger society and economy".

As previously noted – and as shown again in Figure 8 – at an overall population level, households with children are significantly more likely to be in serious financial difficulty or struggling (48%) than those without children (35%). This is partly related to age effects, as householders with children are typically younger than those without. Therefore, when we focus only on working age households without children, we see this gap narrow to some extent (40%), with similar proportions of households being 'in serious difficulties'. Nevertheless, there are still notable differences at the other end of the financial wellbeing spectrum, with working age households without children being substantially more likely to be financially secure (24%, compared with 14% of households with children). This usually reflects lower financial resilience, with fewer financial assets to draw on in the event of an unexpected income shock or large expenditure. Indeed, we see that just 32% of households with children say they could meet 'all' of a large, unexpected expense equivalent to one month's income, compared with 44% of households without children (of working age).

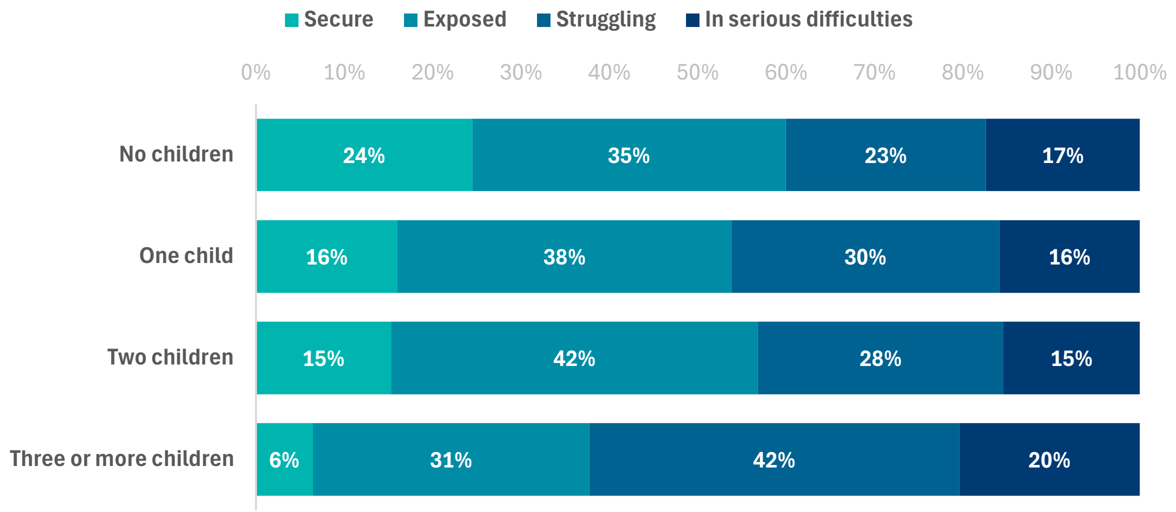
Figure 8 – Financial wellbeing, by presence of children in the household



Notes: sample sizes as follows: children in household = 1,638; no children in household = 4,166; no children in household (working age only) = 2,790.

As Figure 9 shows, we see that those with more children were less financially secure. We find that those with three or more children were particularly likely to struggle, with three-in-five of this group either struggling or in serious financial difficulties (62%), significantly higher than both those without any children (40%) and those with one (46%) or two children (43%). This tallies with research by the IFS, showing that the poverty rate is higher for larger families. They report that this is the case for two key reasons: first, that households with three or more children have lower household incomes even before equivalisation (adjusting for household size) and second, that having more people in the household requires a higher income to meet the same standard of living.

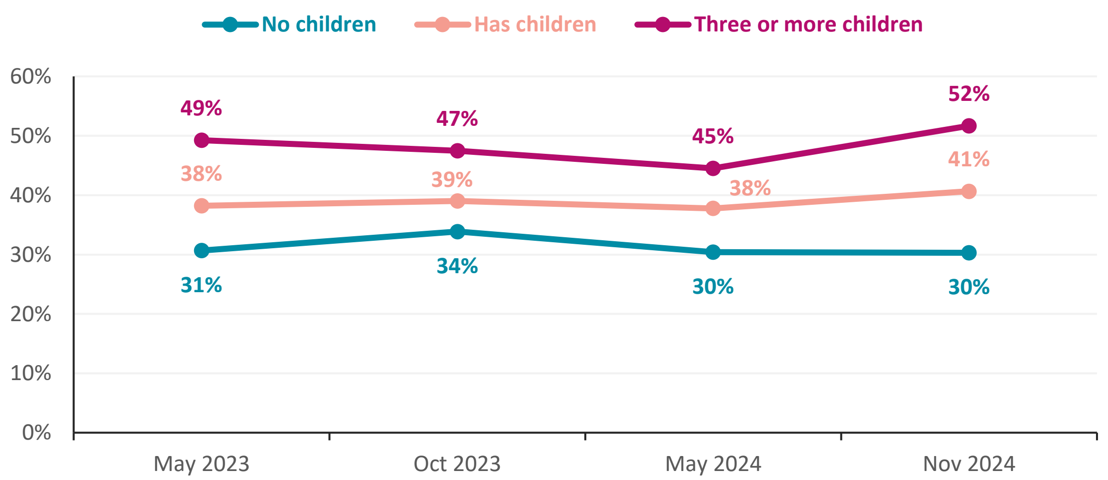
Figure 9 – Financial wellbeing, by number of children



Notes: 'no children' only includes those of working age with no children. Sample sizes as follows: no children = 2,790; one child = 745; two children = 620; three or more children = 273.

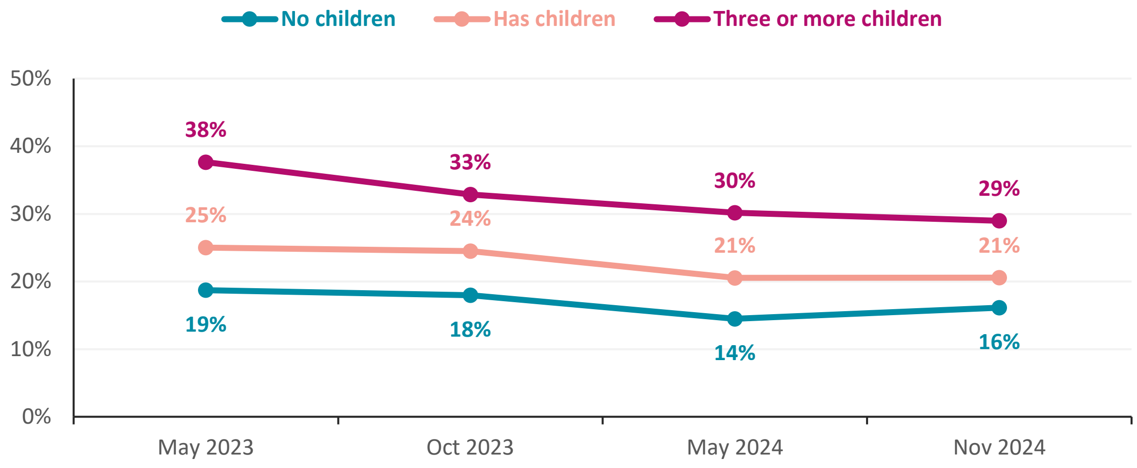
The lower level of financial wellbeing among larger families is reflected in a range of other indicators related to quality of life. We see, for example, that half of households with three or more children (52%) have problems with damp, condensation or mould compared to 41% of all households with children and 30% of working age households with no children (Figure 10). This has increased significantly since May 2024 (from 45% to 52%) – though this may be related to seasonal effects as there is little difference to the same period last year. Similarly, we also see that nearly one-in-three households with three or more children (29%) report often being unable to afford a healthy and balanced diet, higher than for those with any number of children (21%) and working age households without children (16%) (Figure 11). For larger households, this has been improving over time since May 2023 (when it was 38%).

Figure 10 – Home has problems with damp, condensation or mould, by number of children (May 2023 to Nov 2024)



Notes: 'no children' only includes those of working age with no children. W11 sample sizes as follows: no children = 2,681; one child = 716; two children = 603; three or more children = 261.

Figure 11 – Often unable to afford a balanced and healthy diet, by number of children (May 2023 to Nov 2024)



Notes: 'no children' only includes those of working age with no children. Sample sizes as follows: no children = 2,790; one child = 745; two children = 620; three or more children = 273.

For larger families who rely on income-related benefits, their income and financial wellbeing can be impacted by the two-child limit on Universal Credit. Research by the Child Poverty Action Group looking at the cost of raising a child in 2023, reports that the shortfall between the amount received in benefits and the minimum needed to live with dignity (the minimum income standard) for an out-of-work couple with three children in private rented accommodation was £540. They show that the shortfall is greater for larger families and has been increasing over time, with a key reason being the two-child limit. Looking at our Tracker data, we see that 77% of families on Universal Credit with three or more children were in serious difficulties or struggling.[1] Over a third of this group (35%) told us that they were "currently struggling to pay for food or other necessary expenses".

In addition to larger families being more likely to struggle financially, we also identify four other groups with lower levels of financial wellbeing (Table 4):

- **Single parent families** – 57% of single parent households are either struggling or in serious financial difficulty, compared to 45% of couples with children or 44% of single people without children. Three-in-ten (29%) report being unable to afford a balanced and healthy diet. This is perhaps unsurprising given that children living with one adult (predominantly the mother) are more likely to be in poverty (49%) than those living with two adults (25%). Furthermore, as argued by One Parent Families Scotland, institutional and social systems in the UK are designed around a two-parent model and single parent households are often at a significant disadvantage. They report that a key reason for single parent families is because of family separation and that child maintenance payments can play a key role in reducing poverty for those living in single parent households.

- **Parents of children living elsewhere** – potentially related to the above finding on single parent families, we see that those who are the parent of one or more children (under 18) who don't live with them are very likely to be in serious difficulties or struggling (65%). While the survey only asks about current relationship status, we can see that this group were

[1] This is based on a sample size of 76 households on UC with three or more children.

around twice as likely to be divorced or separated (21%, cf. 10%).[2]

- **Parents of disabled children** – those with a disabled child living in their household were slightly more likely to be in serious difficulties or struggling (53%) than other parents (48%). They were also much less likely to be financially secure (just 4%, compared with 17% of other parents). Worryingly, three-in-five (60%) of this group felt that their home had problems with damp, mould or condensation; and a third (34%) felt unable to afford a balanced diet. This may relate to an inability to afford the 'Disability Price Tag', which disabled persons charity *Scope* estimates comes to around £1,010 per month for a disabled household to have the same standard of living as non-disabled households. Our own research on cystic fibrosis found that parents of children with cystic fibrosis who required special diets were spending an average of over £150 more per month on food than other households, highlighting the significant financial implications of health conditions and disability for families.

- **Children living in rented accommodation** – children living in rented accommodation were especially likely to face serious financial difficulties or to be struggling (63% of private rented households with children and 76% of social rented households with children). Over half (52%) of households with children in the private-rented sector reported issues with damp, mould or condensation, and a similar proportion had needed to borrow money just to meet their daily living expenses (49%). Two-in-five (42%) households with children in the social rented sector described how they were currently struggling to pay for food and other essentials. Data from the English Housing Survey suggests that financial difficulty occurs for different reasons between the private and social rented sector. Private renters typically face higher rental costs (indeed nearly double that of social renters in 2021/22: £209 per week, compared with £106), whereas social renters are much more likely to be in the lowest income quintile (47%, compared with 20% of private renters and just 13% of owner-occupiers).

[2] In reality, more will have previously been divorced/separated, but we cannot tell if they have re-married or are living with a new partner.

Table 4 – Indicators of poor financial wellbeing or poor quality of life, by various sub-groups of families with children

			In serious difficulties or struggling	Currently struggling to pay for food and other necessary expenses	Borrowed money for daily living expenses in past six months	Home has problems with damp, condensation or mould	Often unable to afford a balanced and unhealthy diet	*Sample size*
Total	All households (all ages)		39%	20%	26%	31%	15%	*5804*
Any children?	No children (working age only)		40%	19%	25%	30%	16%	*2790*
	Has children		48%	27%	38%	41%	21%	*1638*
Number of children in household	One child		46%	28%	34%	40%	20%	*745*
	Two children		43%	24%	37%	36%	17%	*620*
	Three or more children		62%	33%	51%	52%	29%	*273*
Family type	Single parent		57%	34%	40%	42%	29%	*321*
	Couple with children		45%	25%	37%	40%	18%	*1317*
Parent of a child living outside of the household			65%	39%	46%	37%	35%	*110*
Parent of a disabled child?	No disabled child		48%	25%	35%	36%	19%	*1348*
	Parent of a disabled child		53%	42%	59%	60%	34%	*296*
Benefits & children	No income-related benefits		39%	19%	29%	35%	12%	*972*
	Receives income-related benefits		61%	39%	51%	49%	33%	*666*
Tenure & children	Has children	Own outright	27%	33%	29%	42%	19%	*365*
		Own with mortgage	44%	21%	35%	35%	15%	*719*
		Private rent	63%	26%	49%	52%	25%	*235*
		Social rent	76%	42%	50%	45%	35%	*228*
	No children	Own outright	21%	11%	13%	20%	7%	*1011*
		Own with mortgage	32%	14%	27%	27%	12%	*711*
		Private rent	55%	26%	36%	40%	23%	*479*
		Social rent	71%	38%	30%	44%	33%	*442*

Notes: 'no children' only includes those of working age with no children.

HOW ARE HOUSEHOLDS MAKING ENDS MEET?

Given that the proportion of households either struggling or in serious financial difficulty has remained quite stable this wave, it is perhaps unsurprising that we see little change in the rate at which households take various actions to make ends meet. Nevertheless, we continue to see households taking significant action to try and get by: 8% of households report having used a food bank in last six months; 12% have not eaten for a whole day on three or more occasions because they didn't have enough money for food; nearly one-in-five (19%) had received financial help from their family and friends; and over a quarter (26%) had borrowed money for daily living expenses (see Table 5).

As we have seen in previous waves, those from the lowest income households were more likely to have taken each of the actions asked about. For example, although one-in-five (19%) households overall had received financial help from their friends and family to make ends meet this increased to almost one third of those from the lowest income households (31%).

Table 5 – Actions taken by households in the last six months to reduce costs, for households overall and those in the lowest income households

	All households	Households in bottom income quintile
Saved less money than you normally would	46%	55%
Shopped at a cheaper supermarket / food store or switched to cheaper food products	38%	50%
Used money from savings for daily living expenses	36%	47%
Borrowed money for daily living expenses	26%	34%
Received financial help from family or friends	19%	31%
Reduced car use or use of other forms of transportation	19%	24%
Tried to access additional benefits or support funds (whether successfully or not)	18%	31%
Been unable to keep your home warm and comfortable	17%	30%
Sold or pawned possessions you would have preferred to keep	14%	24%
Not eaten for a whole day on three or more occasions because there wasn't enough money for food	12%	21%
Cancelled or not renewed an insurance policy to save money	11%	18%
Stopped or reduced pension contributions	10%	15%
Accessed pension savings earlier than planned	9%	15%
Accessed a food bank	8%	16%

Notes: sample sizes as follows: all households = 5,803; households in bottom income quintile = 879. Income quintile refers to an After Housing Costs (AHC) measure of income, adjusted for household size.

Households are taking fewer measures to lower their energy bills

Although the measures households are taking to make ends meet have remained fairly stable this wave, there has been a continuation of the gradual decline in measures taken by households to make energy bills more affordable (Table 6). Despite this, nearly nine-out-of-ten (88%) of those in the bottom income quintile and 78% of all households still reported taking at least one of the various actions asked about to help them afford their energy bills.

Table 6 – Actions taken in the past six months to help afford energy bills (Oct 2023 – Nov 2024)

Action taken in past six months	Oct 2023 (W9)	May 2024 (W10)	Nov 2024 (W11)
Avoided turning on the heating or turned it on less than usual	57%	48%	49%
Turned down the temperature in your home	43%	44%	40%
Reduced the use of the cooker/oven	35%	30%	28%
Reduced the number of showers/baths taken	28%	24%	22%
Switched electricity/gas consumption to times of day when the tariff is cheaper	16%	14%	15%

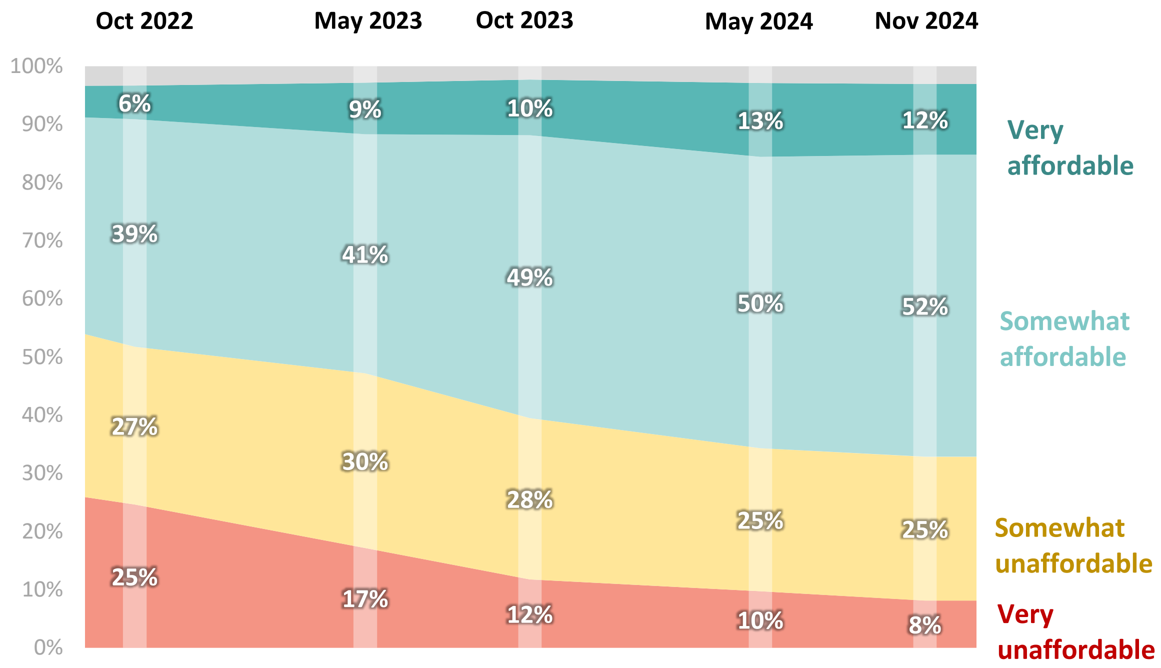
Notes: sample sizes as follows: W9 = 5,594; W10 = 5,572; W11 = 5,804.

This may reflect reduced concern around energy bills but could also be the result of a normalisation of energy-saving behaviours. Given that the question phrasing uses words such as ‘less than usual’ or ‘reduced’, if households are continuing with behaviours adopted two years ago then their definition of ‘usual’ may well have changed. It may also be practically impossible for them to further reduce consumption above and beyond actions already taken. Statistics from the Department for Energy Security and Net Zero (DESNZ) suggest that domestic gas consumption dropped 18% in 2022, while electricity consumption went down by 10%. This reflected both changes in consumer behaviour, but also milder temperatures than usual.

Nevertheless, despite the colder weather of autumn months and a rise in the energy price cap since the last wave (with the annual energy cost for an average usage medium-sized household paying by Direct Debit costing £1,690 in May 2024, compared with £1,717 in November 2024[3]), there has been a decline in the proportion of households reporting that their energy bills are ‘very unaffordable’. Overall, since October 2022, when the average annual bill peaked at £2,380 under the Energy Price Guarantee (October 2022-June 2023), the proportion of households finding their energy bills unaffordable has been declining (Figure 12). This is mainly driven by those in the lowest income households: compared to October 2023 (this same time last year), the decline in those finding their energy bills ‘very unaffordable’ was disproportionately higher for households in the bottom 20% (declining from 20% in Oct 2023 to 12% in Nov 2024).

[3] For an overview of energy prices over time, please see: House of Commons Library (2024) ‘Gas and electricity prices during the ‘energy crisis’ and beyond’

Figure 12 – Proportion of households finding current energy costs affordable, by wave



Notes: sample size for Nov 2024 is 5,804.

Although respondents' views about the affordability of their current energy bills are the most positive since 2022, it is important to note, firstly, that the average energy bill is still 41% higher now than the average bill in winter 2021/22. As mentioned, nine-out-of-ten (88%) of those on the lowest incomes are still taking at least one action to try and lower their energy bills, reflecting ongoing concern. Second, there are still concerns about what energy bills might look like over the coming winter. As noted earlier, there has been an increase this wave in the proportion of low-income pensioners who say they are 'worried' about meeting their energy bills in the next three months (from 30% to 47%).

Little change in households' use of credit

As noted in the May 2024 Tracker report, there was a decline (between October 2023 and May 2024) in households reporting relying on consumer credit in a variety of ways. Since then, we have seen little change. Many households in serious financial difficulties continue to rely on credit to get by (as shown in Table 7). For example, those in serious financial difficulty were significantly more likely to have some form of outstanding credit (83%) than other financial wellbeing groups (struggling = 77%, exposed = 64%, and secure = 44%). Half (50%) of households in serious financial difficulties were regularly paying only the minimum amount off of their credit or store card(s) each month, almost one third (32%) currently owed money as a result of a missed payment on a household bill (compared to 13% of households overall) and over a quarter (27%) had experienced some form of debt collection activity in the past 6 months. For one-in-five (19%) of those in serious difficulty, this meant being contacted in writing by debt collectors, while 7% had their phone, internet, gas or electricity cut off and 6% had received a court summons.

Table 7 – Behaviour in relation to credit, all households and those in serious financial difficulty

	All households	Households in serious difficulty
Have some form of outstanding credit	64%	83%
Taken out new borrowing on in past six months	44%	63%
Paying the minimum amount of credit card (s) or store card (s) each month (either 'always' or 'usually')	22%	50%
Been declined for in past six months	16%	30%
Missed at least one payment - consumer credit agreement	14%	26%
Missed at least one payment - household bills	13%	32%
Experienced some form of debt collection activity in the past 6 months	12%	27%

Notes: sample sizes as follows: all households = 5,804; households in serious financial difficulty = 830. Sample sizes for 'paying the minimum amount of credit cards (s) or store card (s) each month (either 'always' or 'usually') refers to those who have credit and/or store card (s); all households = 2,350; households in serious difficulty = 420. Having some form of outstanding credit refers to (after adding up all balances on overdraft, credit cards, store cards and personal loans – exc. student loans, mortgages or other loans secured on property).

In terms of the type of credit used, the most common form of new borrowing in the past six months was by credit card (23% of all households, rising to 28% of those in serious difficulty), followed by Buy-Now-Pay-Later (BNPL), which was used by one-in-eight households (12%) and one-fifth (22%) of those in serious difficulties. Around one-in-twelve (8%) of households had used each of: overdrafts, goods bought on credit, or borrowing from friends and family.

Financial difficulty continues to have impacts on wider wellbeing

Previous research has shown that financial difficulty and debt can considerably impact people's mental health and that lower financial resilience (in the form of savings) is associated with a wide range of poorer wellbeing outcomes, including sleeping poorly. Our Tracker data also alludes to this – showing a wide range of wellbeing concerns linked to finances to at least some extent for between a fifth and half of households depending on the type of wellbeing measure used (Table 8). As levels of financial wellbeing more broadly have improved, there has been a small decline in the proportion of households overall noting that negative wellbeing impacts as a result of their financial situation. For all wellbeing measures highlighted in Table 8 below, households had been significantly more likely to report that the wellbeing statements fit their financial situation ('well' or 'very well') in October 2023 than in any other prior or subsequent survey wave (since wave 8 when comparable measures began).

As Table 9 shows, perhaps unsurprisingly, those in serious financial difficulty are significantly more likely to experience these range of negative impacts on their mental and physical health because of their financial situation than any other group (Table 9). For example, seven-in-eight (88%) of those in serious financial difficulty felt that the statement 'thinking about my financial situation makes me anxious' fits their current situation 'well' or 'very well', over double the proportion reported by those classified as exposed (41%). Four-in-five (83%) of those in serious difficulty meanwhile reported feeling like they have no control over their financial situation. This highlights how households in the most difficult financial positions are having to deal with significantly higher levels of stress and worry in their lives compared to other households. The difference between this group and those in the 'exposed' or 'secure' groups is particularly stark.

Table 8 – Wellbeing measures, by wave – proportion of households reporting the following statements fit 'well' or 'very well' with their current situation

	May 2023	Oct 2023	May 2024	Nov 2024
Thinking about my financial situation makes me anxious	50%	52%	46%	47%
I feel like I have no control over my financial situation	37%	40%	36%	37%
Financial worries cause me to sleep poorly at night	34%	39%	33%	35%
My financial situation is making my mental health worse	37%	40%	34%	35%
My financial situation is negatively impacting my ability to work or study	22%	26%	24%	23%
My financial situation is causing relationship difficulties between members of my household/family	21%	25%	21%	22%

Notes: sample sizes as follows: May 2023 = 5,451; Oct 2023 = 5,356; May 2024 = 5,310; Nov 2024 = 5,520.

Table 9 – Wellbeing measures, by financial wellbeing category – proportion of households reporting the following statements fit 'very well' with their current situation

	All households	In serious difficulties	Struggling	Exposed	Secure
Thinking about my financial situation makes me anxious	47%	88%	70%	41%	10%
I feel like I have no control over my financial situation	37%	83%	54%	28%	8%
Financial worries cause me to sleep poorly at night	35%	81%	53%	26%	5%
My financial situation is making my mental health worse	35%	81%	55%	25%	5%
My home has problems with condensation, damp or mould	31%	50%	43%	29%	11%
My financial situation is making my physical health worse	30%	74%	44%	21%	3%
My financial situation is negatively impacting my ability to work or study	23%	56%	34%	18%	3%
My financial situation is causing relationship difficulties between members of my household/family	22%	55%	36%	15%	3%

Notes: sample sizes as follows: all households = 5,804; households in serious financial difficulty = 830; households struggling = 1,324; households exposed = 2,060; households secure = 1,590.

FUTURE OUTLOOK

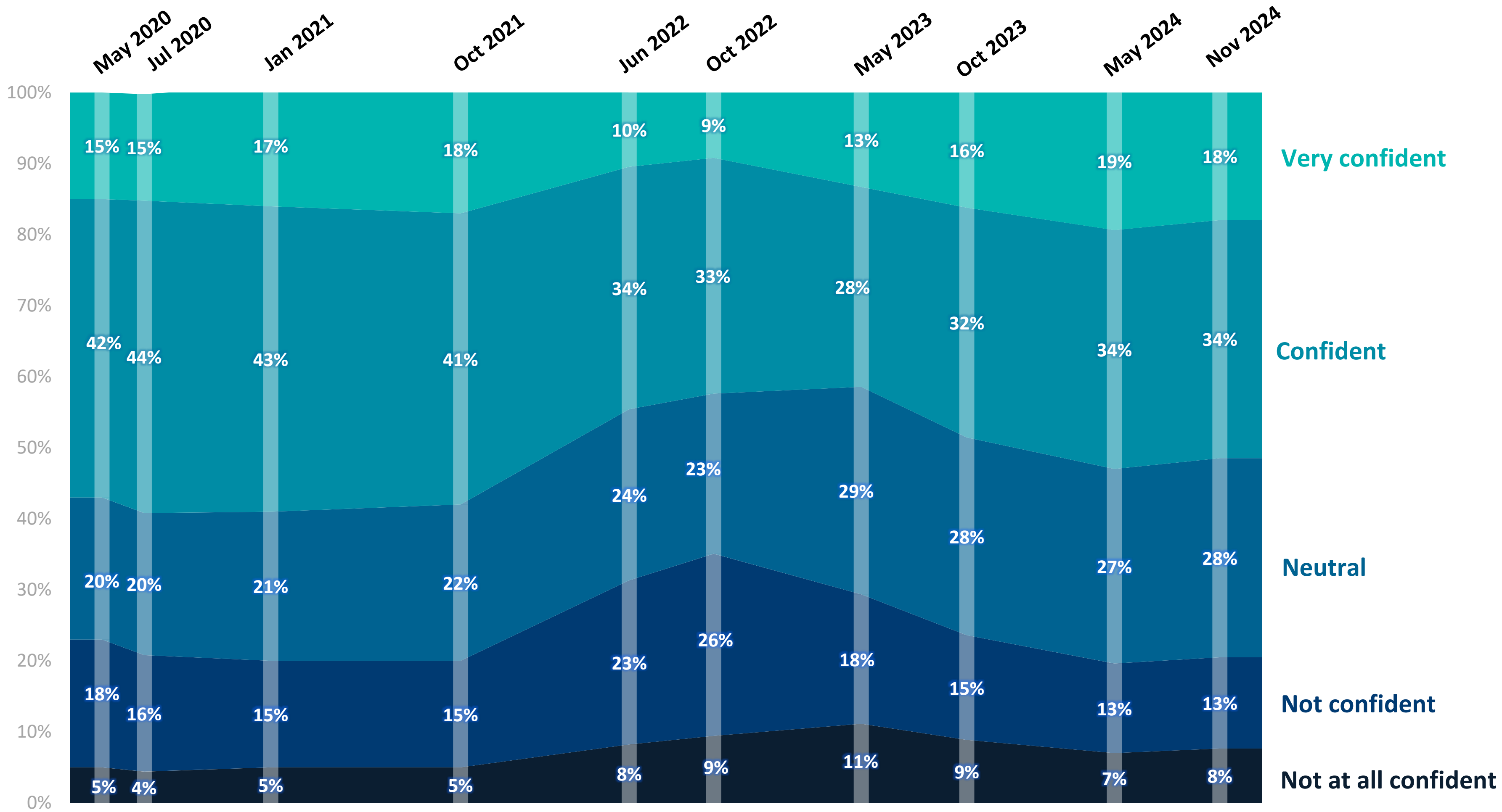
Around half of households felt confident about their household's financial situation in the next three months (51%) (Figure 13, overleaf). This represents no significant change compared to last wave (53%) and a slight year-on-year improvement (49%). Household financial confidence, however, remains lower than it was in October 2021 (prior to the cost-of-living crisis), but is still an improvement on the period from June 2022 to May 2023. Nevertheless, one-in-five households (20%) do not feel confident about their financial situation over the next three months.

The same types of households who are more likely to be struggling financially or in serious financial difficulties are generally those who are less likely to be optimistic about the next three months. For example, despite seeing a decline in their financial security this wave, those of pensionable age are significantly more likely to be confident about their future outlook (59% confident) than those of working age (49%). Those in the bottom income quintile were significantly less likely to be optimistic than all other income quintiles and those in quintiles two and three were significantly less likely to feel confident than those in quintiles four or five. Those with someone disabled in their household were significantly more likely to not feel confident (32%) than those without (17%). And those in the more secure housing types were more likely to be confident, with those socially renting the least likely to feel confident about their future outlook (see Table 10).

Table 10 – Households' confidence about their financial situation in the next three months, by household type

		Confident or very confident	Not at all confident or not confident	*N*
Financial wellbeing category	In serious difficulties	8%	67%	*830*
	Struggling	27%	29%	*1,324*
	Exposed	59%	9%	*2,060*
	Secure	89%	2%	*1,590*
Anyone pensionable age in household	At least one person pension age	58%	16%	*1,399*
	No one pension age	48%	23%	*4,405*
Housing tenure	Own outright	64%	11%	*2,412*
	Own with mortgage	53%	19%	*1,495*
	Private rent	42%	29%	*785*
	Social rent	27%	38%	*847*
Quintiles of household monthly take-home income, after housing costs (AHC) and after equivalisation	Bottom 20%	28%	39%	*886*
	2	42%	26%	*952*
	3	54%	18%	*975*
	4	67%	11%	*964*
	Top 20%	72%	10%	*956*
Disability	No one disabled in household	56%	17%	*4,213*
	Someone disabled in household	40%	32%	*1,591*
Family type	Single, no children	43%	25%	*1,823*
	Couple, no children	59%	16%	*2,343*
	Single parent	35%	35%	*321*
	Couple with children	55%	18%	*1,317*

Figure 13 - Households' confidence about their financial situation in the next three months



Technical note

The survey was undertaken by Opinium between 4th and 13th November 2024 for the abrdn Financial Fairness Trust and was conducted online. It is the 11th 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 5,804 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

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.

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 Director of the Personal Finance Research Centre.

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