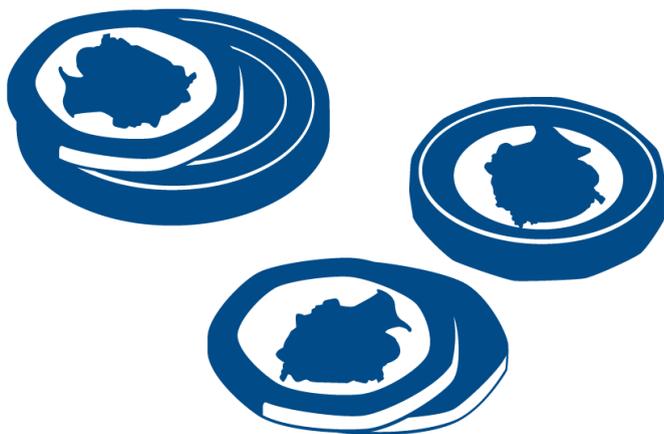


# The mental health premium

The extra charges people with mental health problems pay for their essential services



By Caroline Rogers, Hannah Poll and Mette Isaksen

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# Foreword

Over the past few years, there has been increasing recognition of the limits of competition; that, however well-intentioned, market forces alone are not able to provide equitable access to goods and services for all. Institutions such as the Competition and Market Authority, and the National Audit Office have begun to recognise the needs of vulnerable consumers, and are exploring the ways in which customers are prevented from engaging with markets in an equal way. This acknowledges the structural barriers that vulnerable consumers face.

But to address this inequality in a way that truly reflects the needs of people experiencing a variety of vulnerabilities, there needs to be a well-evidenced understanding of *why* these structural barriers arise, and the different ways in which they can affect customers, so that regulation and business practices can take steps to remove or mitigate them.

This is why it is so important that Citizens Advice, in this report, have examined the impact of poor mental health on the costs of accessing services and goods, and have exposed the financial detriment that customers with poor mental health incur.

In 2016, the Personal Finance Research Centre devised a methodology to measure the poverty premium, and I am really pleased that Citizens Advice have adapted the underlying principles of this methodology to produce a similar premium for those experiencing poor mental health.

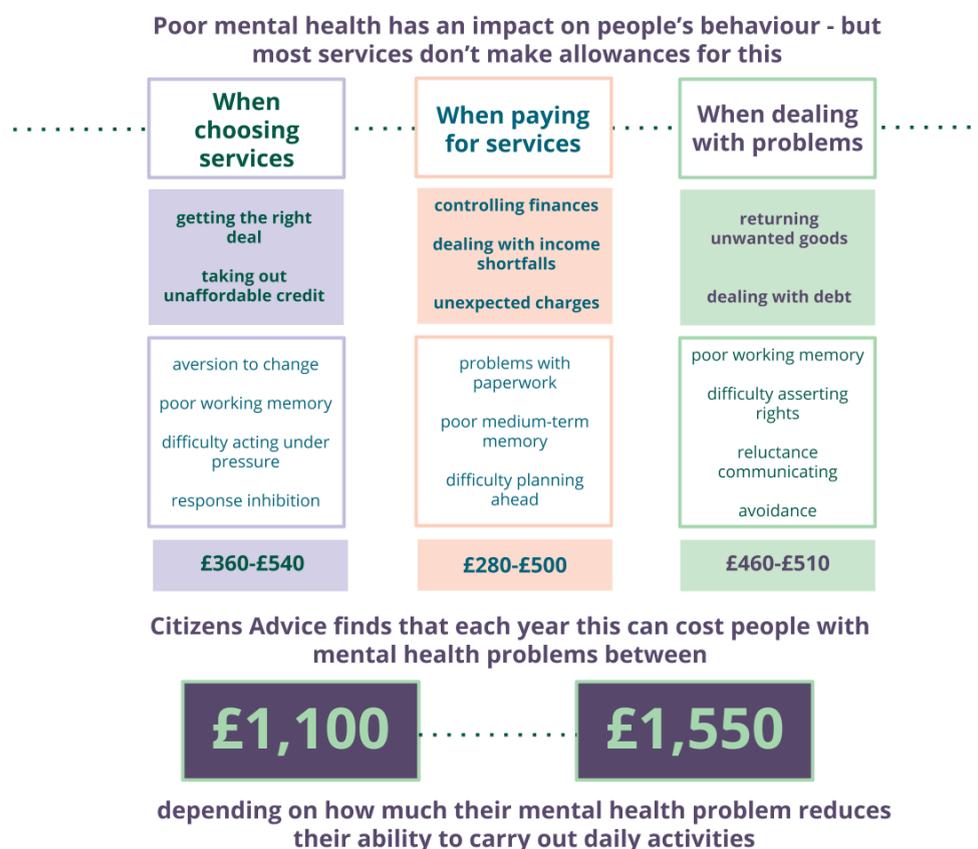
Citizens Advice research finds that those with mental health problems can struggle to behave as 'good consumers' in so many ways; to choose the best products for them, to keep up with payments, and to deal with often complex customer services processes. In other words, there is significant work to be done to ensure the support that is promised to vulnerable customers becomes a reality. The publication of these findings will hopefully be a significant first step toward practical action.

**Sara Davies, Research Fellow**  
**Personal Finance Research Centre**

# Summary

Mental health problems are the most common health issue among Citizens Advice clients, impacting 89,410 clients last year. Previous research found people with mental health problems are more likely to struggle with essential services, and support offered by providers is inadequate.<sup>1</sup> This research finds further evidence that essential markets aren't working for people with mental health problems. Where poor mental health reduces someone's ability to carry out daily activities, **they can incur costs of £1,100 - £1,550 each year** as a result of inaccessible services, poor regulatory protections and inadequate support.

Mental health problems manifest differently for different people. But symptoms commonly associated with poor mental health are likely to impact people's behaviour at all stages of the consumer journey. When choosing services, mental health problems can make it difficult to select the best deal. When paying for services, they can mean missing deadlines or incurring extra costs to make ends meet. And when dealing with problems, complex processes can cause people to absorb costs rather than address the underlying problem.



<sup>1</sup> Citizens Advice, [Joining the Dots](#), 2017; Citizens Advice, [Essential services and people with mental health problems](#), 2018; Citizens Advice, [Beyond Good Practice Guides](#), 2018.

This research examines a range of transactions and interactions that someone could struggle with, either as a direct result of their mental health problem, or as a consequence of poor understanding of mental health and inadequate support from their provider. For instance, for people with mental health problems, remaining loyal to their supplier - and incurring a loyalty penalty as a result - can be a health necessity rather than a consumer choice. It can also be the result of increased anxiety linked to a previous poor experience switching. As a result, people with mental health problems are likely to face significant extra costs.

**Where mental health reduces a person's ability to carry out daily activities 'a little', these costs can reach, on average, £1,100. Where mental health reduces their ability to carry out activities 'a lot', the costs rise to £1,550.**

Regulators, and some firms, have made progress in their understanding of mental health.<sup>2</sup> In their Consumer Green Paper, the Government proposed the identification of minimum standards of support for people with mental health problems in essential markets. And recent 'breathing space' regulations show recognition of the difficulties faced by those with mental health problems when dealing with finances.<sup>3</sup> But when looking across markets, support for people with mental health problems remains patchy and inconsistent. As a result, people with mental health problems still aren't getting a fair deal in essential markets.

People shouldn't be penalised if a health problem means they are unable to manage or cope with 'everyday', essential tasks. And firm practices should never worsen a customer's health. Pockets of excellent practice already exist - but consumers don't distinguish between different sectors and these individual examples can't replace consistent, certain support across services. Without a cross-sector approach, this disadvantage is unlikely to significantly shift.

## Recommendations

- **Ofgem, Ofcom, Ofwat and the FCA should jointly identify a set of minimum standards of support which all providers should offer for people with mental health problems.**
- **Regulators should ensure they have effective systems for monitoring provider performance in this area, backed by swift action where providers are not adequately supporting vulnerable consumers (including those with mental health problems).**

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<sup>2</sup>For example, [Ofgem's requirement](#) that firms don't install a prepayment meter where this would be 'traumatic' for the customer demonstrates a good understanding of how provider practices can worsen customers' mental health. And some current account providers, including [Monzo](#), have introduced tools to help their customers track and limit their spending.

<sup>3</sup>HM Treasury, [Breathing space scheme: consultation on a policy proposal](#), 2018

# Research method

Mental health problems manifest themselves differently for different people - no 2 people will share the same exact symptoms or experience. In addition, the impact of poor mental health on someone's daily life varies hugely depending on the wider context of their lives. Whether or not someone has access to appropriate treatment and support, experiences of discrimination, and wider financial health can all have an impact on how easy or difficult it is for someone to manage day to day life with a mental health problem.

This research focuses on the experiences of those whose mental health problem reduces their ability to carry out daily activities either 'a little' or 'a lot', at 3 key stages of the consumer journey: choosing goods and services, paying for goods and services, and resolving problems or mistakes. It identifies the areas where people with mental health problems are likely to incur costs as a direct result of behavioural and cognitive symptoms associated with mental health problems. And it quantifies the average financial cost paid by those whose poor mental health manifests itself via those symptoms. This involved several steps:

- **Literature review of behavioural traits associated with poor mental health.** This included analysis of data collected by local Citizens Advice and the Citizens Advice consumer service, and a review of published research. We identified specific behaviours associated with, or caused by, poor mental health, which are likely to impact someone's interactions with their essential services. Case studies and quotations from local Citizens Advice and from our national consumer service are used throughout. Names and other identifying details have been changed.
- **Desk research to identify (and quantify) where actions associated with poor mental health come with a cost attached** - for example, late payment or prepayment meter installation. We then reviewed the costs across providers in each market to identify the average cost. We gathered this information from a mixture of provider websites, price comparison websites and data collected by sector-specific regulators.
- **2 GB-wide surveys of people with diagnosed mental health problems to estimate the average incidence of these costs.**<sup>4</sup> Participants were recruited based on whether they had been diagnosed with a mental health problem.<sup>5</sup> We split the datasets based on the self-reported impact

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<sup>4</sup> Fieldwork was collected by ComRes between 17-31 May and 12 October - 5 November 2018 for the 2 surveys. ComRes is a member of the British Polling Council and abides by its rules.

<sup>5</sup> This was due to practical sampling limitations of recruiting survey respondents solely based on self-reported experience. It is likely that some people with mental health problems are not represented by our data, since not everyone with a mental health problem is formally diagnosed.

of respondents' mental health on their ability to carry out day to day activities, to reflect that diagnosis alone is a limited indicator of severity. The second survey was weighted to match the first as closely as possible in this respect.<sup>6</sup> We identified what proportion of each sub-group incurred each cost, and the average number of times they incurred this cost. References to 'people with mental health problems' in the context of these surveys refers to those who said their mental health problem reduces their ability to carry out daily activities 'a little' or 'a lot'.

We combined all data into a model estimating the total impact of costs on someone whose diagnosed mental health problem reduces their ability to carry out day to day activities 'a little' or 'a lot'. We use these figures to show a spectrum of costs, depending on self-reported severity, to reflect the wide variation in how mental health problems manifest.<sup>7</sup> This model is adapted from that used by the University of Bristol in their Poverty Premium report.<sup>8</sup> We would like to thank Sara Davies at the University of Bristol for her guidance and feedback on our project.

## Limitations of the model

This research does not include those who said their mental health problem had no impact on their ability to carry out day to day activities. This was to ensure the model reflects the experiences of those who are most likely to be impacted by the cognitive and behavioural traits identified in our literature review. It also does not include those whose mental health problem has not been formally diagnosed, due to practical survey sampling limitations. Since 36% of common mental health disorders are undiagnosed, this represents a significant proportion of those with mental health problems.<sup>9</sup> Finally, this model estimates the likely costs associated with some of the most common behavioural symptoms associated with poor mental health. It does not claim to quantify the exact figure paid by any one person with mental health problems, or to imply all people experiencing poor mental health face each cost identified.

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<sup>6</sup> Survey 1 (May 2018): Overall base: 1,706. The number of respondents who answered with 'I experienced mental health problems that reduced my ability to carry out activities by a little' was 750; the number of respondents who answered with 'I experienced mental health problems that reduced my ability to carry out activities by a lot' was 777. Survey 2 (October/November 2018): Overall base: 1710. The base of respondents who answered with 'I experienced mental health problems that reduced my ability to carry out activities by a little' was 659 (weighted to 776); the number of respondents who answered with 'I experienced mental health problems that reduced my ability to carry out activities by a lot' was 811 (weighted to 756).

<sup>7</sup> For more details, please see the Research Method.

<sup>8</sup> Sara Davies, Andrea Finney and Yvette Hartfree, [Paying to be Poor](#), Personal Finance Research Centre, November 2016.

<sup>9</sup> Office of National Statistics, [Adult Psychiatric Morbidity Survey](#), 2014

# Background

Mental health problems are the most common health issue among Citizens Advice clients, impacting 89,410 clients last year. Clients with a mental health problem have an average of 5 problems each, compared to 3.5 for clients overall. And they are more likely to come to Citizens Advice at crisis point.<sup>10</sup> In addition, previous research has found that people with mental health problems are more likely to struggle with essential services, and that support offered by providers is inadequate.<sup>11</sup>

Mental health problems manifest differently for different people. No 2 people share the same exact symptoms or experience, and the impact of poor mental health varies hugely depending on the wider context. But they are associated with a range of cognitive and behavioural symptoms that can impact on people's ability to manage essential services. The following table summarises some ways poor mental health can impact on someone's ability to manage daily life.

Conditions	Associated traits
Anxiety disorders <sup>12</sup>	Difficulty concentrating, communicating and making decisions, memory problems, avoidance <sup>13</sup>
Depression <sup>14</sup>	Difficulty concentrating, communicating and making decisions, memory problems, avoidance, overspending, withdrawing <sup>15</sup>
Bipolar disorder	Difficulty concentrating, communicating and making decisions, memory problems, avoidance, impulsive behaviour such as overspending, disorganised thinking, withdrawing <sup>16</sup>
Psychosis	Difficulty concentrating and communicating, disorganised thinking/confused thoughts <sup>17</sup>
Schizophrenia/ schizoaffective disorder	Difficulty concentrating and communicating, withdrawing, disorganised thinking/confused thoughts, impulsivity <sup>18</sup>

<sup>10</sup> Citizens Advice, [Joining the Dots](#), 2017.

<sup>11</sup> Citizens Advice, [Joining the Dots](#), 2017; Citizens Advice, [Essential services and people with mental health problems](#), 2018; Citizens Advice, [Beyond Good Practice Guides](#), 2018.

<sup>12</sup> This includes panic attacks, OCD, PTSD and generalised anxiety.

<sup>13</sup> Mind, [Anxiety and panic attacks](#); Money and Mental Health, [Seeing through the fog: summary by diagnosis](#), 2018.

<sup>14</sup> This includes seasonal affective disorder and postnatal depression.

<sup>15</sup> Mind, [Depression](#); Money and Mental Health, [Seeing through the fog: summary by diagnosis](#), 2018.

<sup>16</sup> Mind, [Bipolar disorder](#); Money and Mental Health, [Seeing through the fog: summary by diagnosis](#), 2018.

<sup>17</sup> Mind, [Psychosis](#); Money and Mental Health, [Seeing through the fog: summary by diagnosis](#), 2018.

<sup>18</sup> Mind, [Schizophrenia](#), accessed: October 2018; Mind, [Schizoaffective disorder](#), accessed: October 2018.

These symptoms can have a significant impact on people's ability to carry out day to day activities, from cooking and cleaning, to staying on top of household bills and interacting with service providers. And poorly designed, unsupportive services also create barriers. Reluctance to contact customer service, for example, may be the direct result of a mental health problem - but it may also be linked with previous bad experiences contacting an unsympathetic provider. Where a person's mental health problem is linked to these, or similar, behavioural traits, they can face a financial cost as a result. The detrimental impact of poor mental health on finances is supported by research from Mind, the Money and Mental Health Policy Institute and the Money Advice Trust.<sup>19</sup>

Government and regulators have shown a growing interest and understanding of how poor mental health affects people's ability to manage everyday life. This is clearly demonstrated by the inclusion of a special mechanism for people in a mental health crisis to access 'breathing space' from debt collection, by Ofgem's restrictions on installing a prepayment meter under warrant where this could be traumatic, and by Ofcom's new General Condition relating to vulnerability.<sup>20</sup> The Government explicitly recognised the particular challenges this group faces, and committed to addressing them in their Consumer Green Paper:<sup>21</sup>

two

*"One specific area in which Government wants to see action is in helping consumers with mental ill health...The regulators, through the UK Regulators Network, will therefore identify where there are benefits from introducing a set of minimum standards...and agree principles for improving services to these consumers"*

But in the meantime, without appropriate support from providers, many people with mental health problems are left paying over the odds for their essential services, facing extra costs and struggling to resolve problems effectively.

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<sup>19</sup> Mind, [In the Red](#), 2008; Mind, [Still in the Red](#), 2011; Money and Mental Health Policy Institute, [Money on your Mind](#), 2016; Money and Mental Health Policy Institute, [Seeing Through the Fog](#), 2017; Money Advice Trust, [12 Steps for Creditors](#), 2015.

<sup>20</sup> HM Treasury, [Breathing space scheme: consultation on a policy proposal](#), 2018; Ofcom, [Review of the General Conditions of Entitlement](#), 2017; Ofgem, [Final Decision: Standards of Conduct for suppliers in the retail energy market](#), 2017.

<sup>21</sup> Department for Business, Energy and Industrial Strategy, [Modernising Consumer Markets](#), 2018.

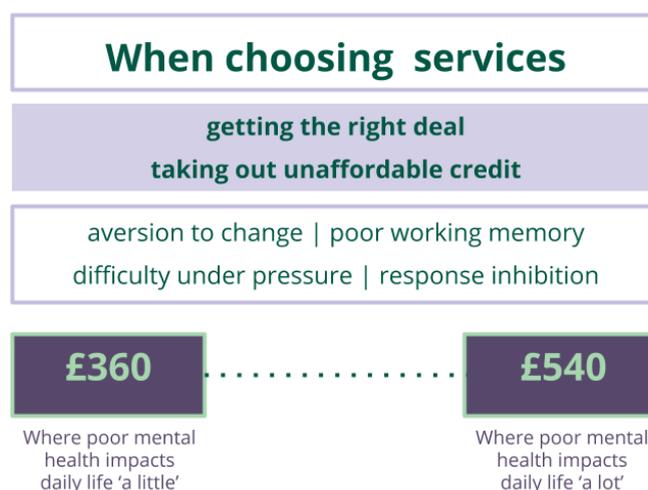
# 1. Choosing services

Deciding which product to buy, or which contract to sign up to, is the first interaction a person will have with their service provider. It is therefore a crucial part of the consumer journey. But problems with working memory, difficulty acting under pressure and difficulty with response inhibition all impact on people's ability to choose the right service for their needs. Systems that do not accommodate this, or that actively profit from it, make informed choice impossible. This leads many to take out inappropriate or poor value deals. What's more, after switching, people who need extra support must re-apply for it. And the lack of consistency in support for people with mental health problems means they may no longer have access to a service they previously relied on. This can create additional barriers to switching.

Everyone with a mental health problem will have a different experience, depending on the wider circumstances of their life. But when choosing services, people with diagnosed mental health problems are likely to incur a range of extra costs due to:

- difficulty getting the right deals on mobile, broadband, savings and insurance
- signing up to poor value credit, such as subprime loans and credit cards.

Combined, this can cost people with mental health problems, on average, between £360-£540 each year.<sup>22</sup>



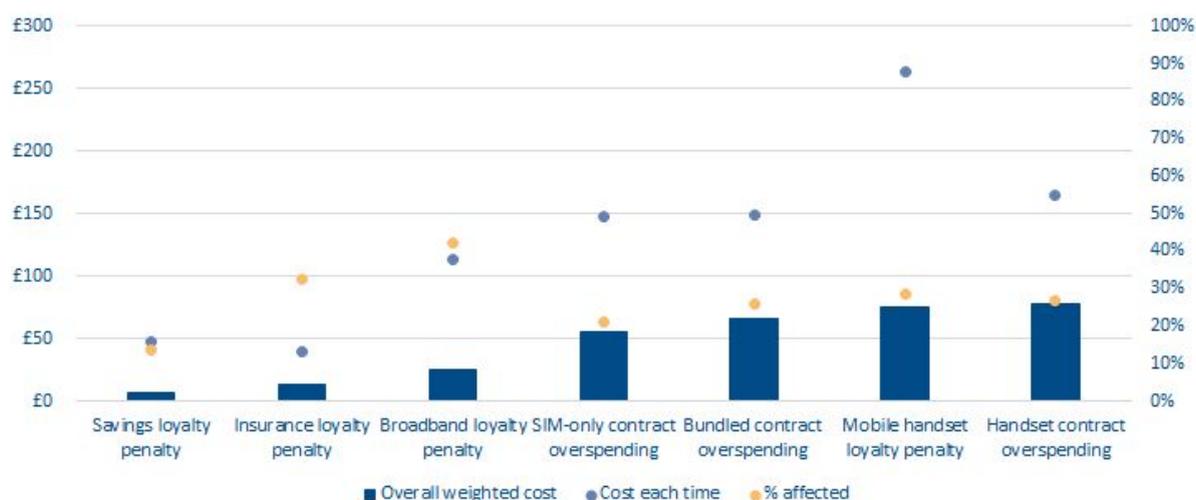
<sup>22</sup> Weighted cost compared to not taking out poor value credit and being on the right deal. Based on concept of involuntary expenditure driven by financial exclusion used in Bristol University's Poverty Premium methodology. Our research accounts for people with a diagnosed mental health problem - scale of costs may vary when also considering people with undiagnosed mental health problems. For full methodological details, please see the methodological report.

## Getting the right deal

When first choosing an essential service provider, difficulty making decisions under pressure and problems with response inhibition can lead people to take out contracts that are unsuitable or unnecessary. In the past year, 1 in 4 people with mental health problems signed up to a mobile phone contract that they later regretted. 1 in 4 took out a bundled contract (where the consumer pays a single monthly price for multiple services), that they later regretted - and 1 in 3 of these did so more than once. Of all those with mental health problems who regretted taking out some form of telecoms contract, 88% agreed their purchase decision was linked to poor mental health.<sup>23</sup>

In addition, problems with working memory can make comparing deals and switching much more difficult. Change aversion, which can be linked with anxiety and previous bad experiences with switching, exacerbates this. Of those with a contract in the relevant markets, 9 in 10 people with mental health problems are paying over the odds by staying past the end of their contract for broadband, mobile, home insurance or savings account.

**Figure 1: Average annual cost of difficulties choosing the right deal for people with mental health problems**



Source: Citizens Advice analysis of data collected by ComRes. Base: 1,710.<sup>24</sup> See the methodological report for more details.

<sup>23</sup> Respondents who agreed with the statement “My mental health problem(s) made it more difficult for me to pick the best product/contract for me” or “I bought this product/contract during a period of particularly poor mental health”

<sup>24</sup> Bases adjusted per answer to remove those who responded ‘I don’t know’.

This analysis does not include the cost of staying on an expired energy contract, because Ofgem has introduced a cap on the cost of energy for consumers. However, most loyal consumers will still save money by switching - and it may be particularly difficult for those with mental health problems to do so.

What's more, a large proportion of people with severe mental health problems say they don't have these services in the first place. Just 1 in 3 people with severe mental health problems have home insurance or a savings account, and only 2 in 3 have broadband.<sup>25</sup> People without these services avoid the loyalty penalty, but are likely to face increased difficulty in other ways. For example, without insurance or savings, people can face significant upfront costs when household items, such as fridges, washing machines or computers, are damaged or stolen. This, in turn, can lead to increased reliance on high cost credit.

## Signing up to poor value credit

Compared to the general population, this research finds that a much higher proportion of people with mental health problems report having purchased goods and taken out expensive forms of credit over the past 12 months. Of those surveyed:<sup>26</sup>

- 36% have used a mail-order catalogue<sup>27</sup>
- 31% had used a subprime personal loan<sup>28</sup>
- 34% have used a subprime credit card.<sup>29</sup>

The Personal Finance Research Centre has found that the use of high-cost credit among low income households was driven largely by financial exclusion, lack of affordable alternatives, low usage and a desire for close budgeting control.<sup>30</sup> These can all also be strong drivers among those with mental health problems, in particular financial exclusion and budgeting concerns.

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<sup>25</sup> The most common reasons for this were: 'I've had bad experiences with this service in the past' for broadband (cited by 20% of respondents with severe mental health problems), and 'I can't afford to have this service' for home insurance and savings accounts (cited by 34% and 24% of respondents respectively).

<sup>26</sup> These figures show much higher prevalence than is present across the general population, as estimated by the FCA [Financial Lives Survey](#), 2018. We believe this is a reflection of the close association between mental health problems and debt (and, in turn, between debt and the use of high cost credit). For example, analysis of the [Adult Psychiatric Morbidity Survey 2000](#) shows that people with mental health problems are between 2.5 and 6 times more likely to be in arrears on different products and bills.

<sup>27</sup> 9% of UK population have taken out this product in the past year. This amounts to 4,770,000 people using the product in total. FCA, [Financial Lives Survey](#), 2018.

<sup>28</sup> 12% of UK population have taken out this product in the past year. This amounts to 6,360,000 people using the product in total. FCA, [Financial Lives Survey](#), 2018.

<sup>29</sup> Comparable figures for the general UK population not available.

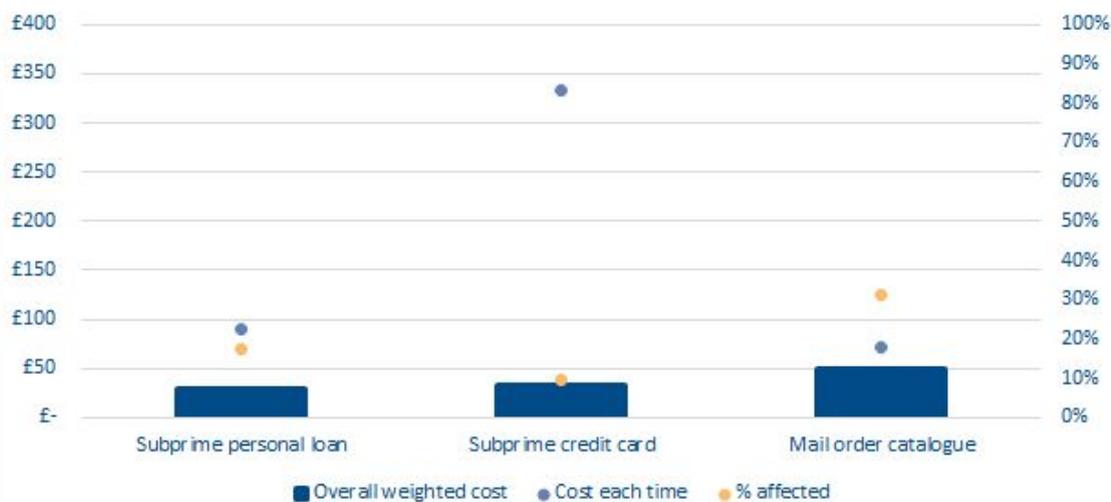
<sup>30</sup> Personal Finance Research Centre, [Paying to be Poor](#), 2016.

In addition:

- Repeated or aggressive marketing practices can cause particular problems for people whose mental health problem means they struggle to make decisions under pressure
- Poor working memory may make it particularly difficult for people with mental health problems to understand the true cost of credit over time
- Where affordability checks are not sufficiently rigorous, this can cause problems for people who already struggle with overspending.

These are discussed in more detail below.

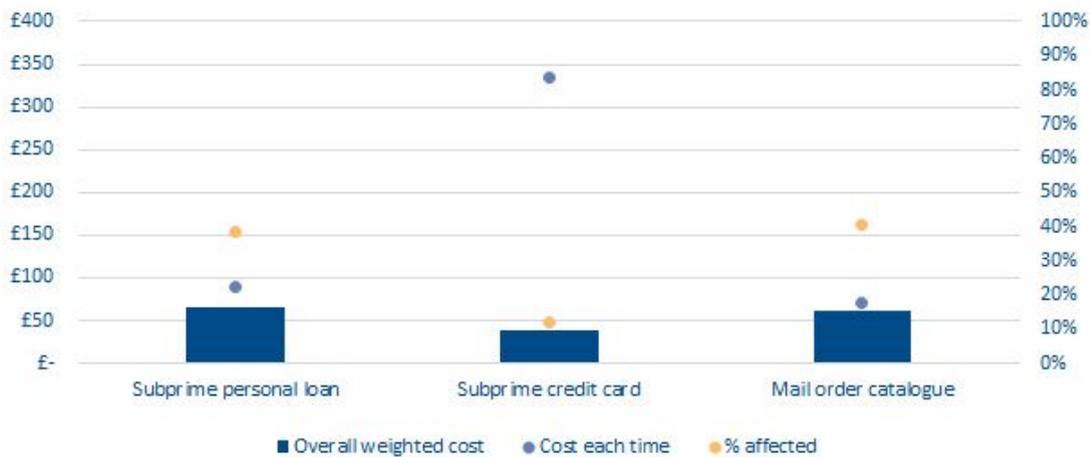
**Figure 2: Average annual cost of signing up to unsecured poor value credit where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>31</sup> See the methodological report for more details.

<sup>31</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

**Figure 3: Average annual cost of signing up to unsecured poor value credit where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>32</sup> See the methodological report for more details.

## Why do mental health problems lead to these costs?



Jayda<sup>33</sup> lives alone in the South of England. She has a long-term mental health problem. Jayda came to Citizens Advice because of a problem with her broadband.

While trying to buy a laptop, Jayda was sold contracts with 2 different broadband providers. She was confused about why she needed 2 contracts, but didn't feel able to question it. She also believed she was getting pay as you go broadband, but in fact both contracts were pay-monthly.

1 of the providers visited her house to set up the internet, but it didn't work. Jayda returned to the shop to complain. When she did, a salesperson told Jayda she'd have to speak to the broadband provider directly, and then tried to sell her a new phone. Jayda tried to contact the provider, but it took too long for her to get through to anyone. She came to Citizens Advice for help cancelling the contract.

An adviser spoke to the provider in question. They refused to refund her previous payment despite the fact that Jayda did not have working broadband. However, they did let her end the contract early without any cancellation charges. This saved Jayda from paying £200 for a contract she didn't want or need.

<sup>32</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

<sup>33</sup> Throughout this report, names have been changed to maintain anonymity.

## Aversion to change

People with mental health problems can be very reluctant to shop around or switch.<sup>34</sup> As a result, they may choose to stay with their current provider even when the financial benefit of switching is clear.<sup>35</sup>

*"I tend to stick with the providers I know, or which already come with the house. I haven't had issues for now, so I would be scared to switch and then end up paying more or something."*

- Olga, depression

Of those surveyed by Citizens Advice, 23% have avoided switching, or been reluctant to do so, because they found the idea of it overwhelming.<sup>36</sup> Research by both Citizens Advice and Money and Mental Health has also found change aversion across a range of mental health conditions.<sup>37</sup> And qualitative research by the CMA found that people with mental health problems 'often found the topic of shopping around and switching in general to be complicated and sometimes overwhelming'.<sup>38</sup>

## Working memory (short term comprehension, concentration and analysis)

Nearly 1 in 6 people with mental health problems said they have avoided switching because they struggle to understand or compare deals. And research conducted by Money and Mental Health found that 8 in 10 (82%) survey respondents found the thought of switching and shopping around exhausting.<sup>39</sup>

*"[When I was well] I would've been able to look properly on the internet and to see what's best for us...I don't think I could [now]. I mean I can go on the laptop sometimes, but I just get a bit confused...I'll be doing something and then my thoughts trail off and I can't remember what I was doing in the first place and I can't figure out like, you know, why is it this much, why is it that much."*

- Shauna, anxiety

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<sup>34</sup> Britainthinks on behalf of Citizens Advice, Essential service markets and people with mental health problems, 2018; CMA, [Response to the Super-complaint](#), 2018.

<sup>35</sup> Britainthinks on behalf of Citizens Advice, Essential service markets and people with mental health problems, 2018.

<sup>36</sup> This is supported by qualitative research conducted by the CMA in their [Response to the Super-complaint](#).

<sup>37</sup> Money and Mental Health Policy Institute, [Levelling the Playing Field](#), December 2017.

<sup>38</sup> CMA, Response to the super-complaint, 2018.

<sup>39</sup> Money and Mental Health Policy Institute, [Response to the Consumer Markets Green Paper](#), 2018.

Mental health problems can reduce a person's ability to comprehend complex information, concentrate on tasks or scrutinise problems due to the impact on their 'working memory'.<sup>40</sup> This may make it much more difficult to assess and compare different pricing structures, allowances and deals. This is particularly true when it comes to assessing the overall cost of catalogue credit, personal loans and spending on a credit card, which can involve complex calculations taking many different factors into account.<sup>41</sup>



Ellen is single, with 2 young children. She has chronic mental health problems, especially anxiety, and feels she needs more support with her mental health than she is currently getting.

Ellen came to Citizens Advice for help with a number of debts, including a subprime personal loan and a debt with a mail order catalogue company. She is also in rent arrears and owes money for her council tax. Her landlady has suggested she may have to leave the property if her rent arrears are not cleared.

Ellen said she was encouraged to take out more loans when she had no realistic chance of meeting the repayments. She believes her mental health affected her capacity to make informed judgements about her finances. However, this was not addressed or acknowledged by the people issuing the loans.

## Acting under pressure

Previous research by Citizens Advice has found that people with mental health conditions are likely to be particularly vulnerable to aggressive marketing practices.<sup>42</sup> Where they feel pressured in this way, people may agree to contracts that are unsuitable or unwanted. For example, compared to those without, people with mental health problems are much more likely to have mistakenly bought a product on credit.<sup>43</sup> And of those who had done so, 3 in 4 felt that a salesperson pressured them to buy the product on credit, and that they were not given enough time to make their decision.

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<sup>40</sup> Money and Mental Health Policy Institute, [Seeing through the fog](#), January 2017.

<sup>41</sup> As highlighted by the FCA in their reviews of the credit card and high cost credit markets. FCA, [Credit Card Market Study](#), 2016; FCA, [High Cost Credit Review](#), 2018.

<sup>42</sup> Britainthinks on behalf of Citizens Advice, [Essential service markets and people with mental health problems](#), 2018.

<sup>43</sup> Survey conducted by ComRes on behalf of Citizens Advice, March 2018.

*"I just wanted things to stop. So, you just say, 'Yes,' so they'll stop calling you... it was like, if you say, 'Yes,' they're off your back then, aren't they? ...But once you're in, you've got to either [stay for the length of your contract] or buy yourself out, and I can't afford to buy myself out"*  
- Janine, bipolar disorder

Previous research by Citizens Advice has also identified problematic selling practices in the telecoms market, another area where face-to-face sales remain common. For example, a tendency to 'up-sell' in shops can lead to people signing up to contracts that are unsuitable for their needs.<sup>44</sup> In addition, evidence collected from local Citizens Advice suggests that people with mental health problems who do not have capacity to consent are frequently entered into telecoms contracts they can't afford.<sup>45</sup>

## **Response inhibition**

A longitudinal ethnographic study conducted on behalf of Citizens Advice identified 'volatile overspending' as a common behaviour among people with mental health problems.<sup>46</sup> The study found that those with bipolar disorder, depression and anxiety disorders were likely to experience this type of behaviour.

*"I'll buy like 10 of the same thing, different colours... especially when I'm on a high... it just gives me a lot of pleasure doing things like that... I can't control myself, especially now with these smartphones and internet shopping. It's really, really taking its toll, especially with my finances"*  
- Jonah, bipolar disorder

Other research has also found that people with mental health problems may use spending as a temporary coping mechanism for low mood ('comfort spending'), or may be particularly prone to making impulsive purchases.<sup>47</sup> This can lead to excessive spending on credit, or signing up to unaffordable loan agreements. It can also worsen a person's credit score, meaning they are more likely to rely on subprime lending products.

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<sup>44</sup> Citizens Advice, [Hung up on the Handset](#), 2016.

<sup>45</sup> Citizens Advice, [Beyond Good Practice Guides](#), 2018.

<sup>46</sup> Britainthinks on behalf of Citizens Advice, Essential service markets and people with mental health problems, 2018. Money and Mental Health Policy Institute, [Seeing through the Fog](#), January 2017.

<sup>47</sup> Money and Mental Health Policy Institute, [Seeing through the Fog](#), January 2017.

*“[clients with mental health problems] might sign up for a contract when feeling well, or when feeling manic, and the reality of it down the line is that they can’t afford it.’*

- Local Citizens Advice adviser

Previous research by Citizens Advice has found that credit card providers often extend their customers’ credit limits without this being requested - even for people who are already struggling to make repayments.<sup>48</sup> And in their review of the high cost credit market, the FCA found ‘catalogue credit customers are not given sufficient choice and control over credit limit increases’, and that credit limit increases were being given to people in financial difficulty.<sup>49</sup> Of people surveyed with mental health problems who were not meeting the minimum payments on their credit card, 37% were offered a credit limit increase without asking for one.

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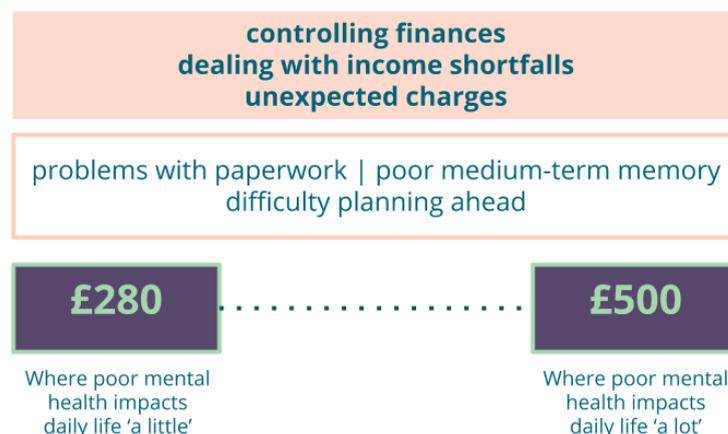
<sup>48</sup> Citizens Advice, [Briefing on credit limit increases](#), 2017.

<sup>49</sup> FCA, [High Cost Credit Review: Consultation on rent-to-own, home-collected credit, catalogue credit and store cards, and alternatives to high-cost credit](#), 2018.

## 2. Paying for services

After choosing a provider, people must then set up a payment method, keep track of bills and pay them. But financial management can be made much more difficult by symptoms associated with poor mental health - particularly where this combines with low income, physical health problems, physical disabilities or other forms of vulnerability.<sup>50</sup> Providers often operate rigid systems that penalise consumers with late fees and charges for bounced payments, rather than accommodating their needs to prevent this happening in the first place. And while some people with mental health problems are able to manage their finances independently, others may rely on built-in mechanisms to keep track of spending and bills. This can include using prepaid cards, requesting paper bills and avoiding direct debits. But these actions often come with a cost. Where such measures aren't available or don't help, people may turn to costly loans or short term credit to make ends meet. They may also incur a range of penalty fees for missing payments, become accidentally overdrawn or go over a credit limit.

This research has found instances where extra flexibility was shown to people with mental health problems to help them manage and pay for services. However, such an approach is rarely consistent even within providers, and appears to depend more on the sympathy and experience of particular staff members. As a result of such difficulties, people with mental health problems can face costs amounting to, on average, between £280-£500 each year.<sup>51</sup>



<sup>50</sup> Mental Health Foundation, [Poverty and Mental Health](#), 2016; Money and Mental Health Policy Institute, [Money on your Mind](#), 2016; Royal College of Psychiatrists, [Debt and Mental Health Literature Review](#), 2009.

<sup>51</sup> Costs compared to having no difficulties paying for goods. Based on concept of involuntary expenditure driven by financial exclusion used in Bristol University's Poverty Premium methodology. Our research accounts for people with a diagnosed mental health problem - scale of costs may vary when also considering people with undiagnosed mental health problems. For full methodological details, please see the methodological report.

## Controlling finances

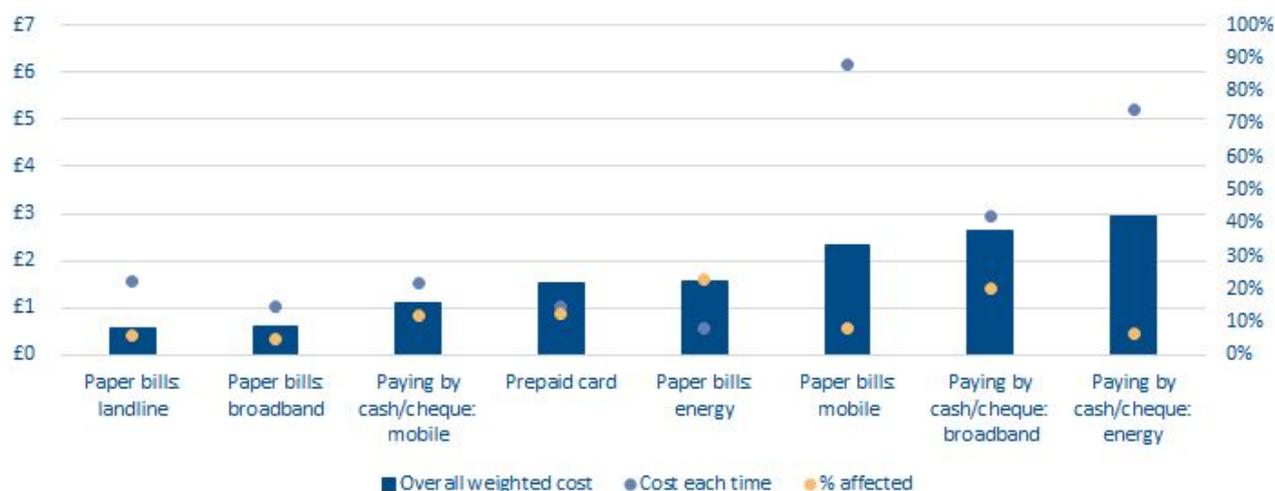
Many people with mental health problems take action to help monitor and control their spending. This can help to offset difficulties with overspending and budgeting that are often closely linked to poor mental health. Problems understanding and completing paperwork, and short or medium-term memory problems, exacerbate these difficulties.

This research finds that of people with diagnosed mental health problems:

- 51% receive paper bills from 1 or more utility provider
- 18% use cash or cheques to pay their utility bills
- 12% regularly use a prepaid card to make purchases.

These actions all help people limit, control and monitor key outgoings. But they also come with costs. Many energy, mobile and broadband providers offer a discount to customers who pay their bills by direct debit, or charge customers who receive paper bills more than those who manage their bills online. As a result, people whose mental health may make budgeting particularly difficult are penalised for trying to mitigate this.

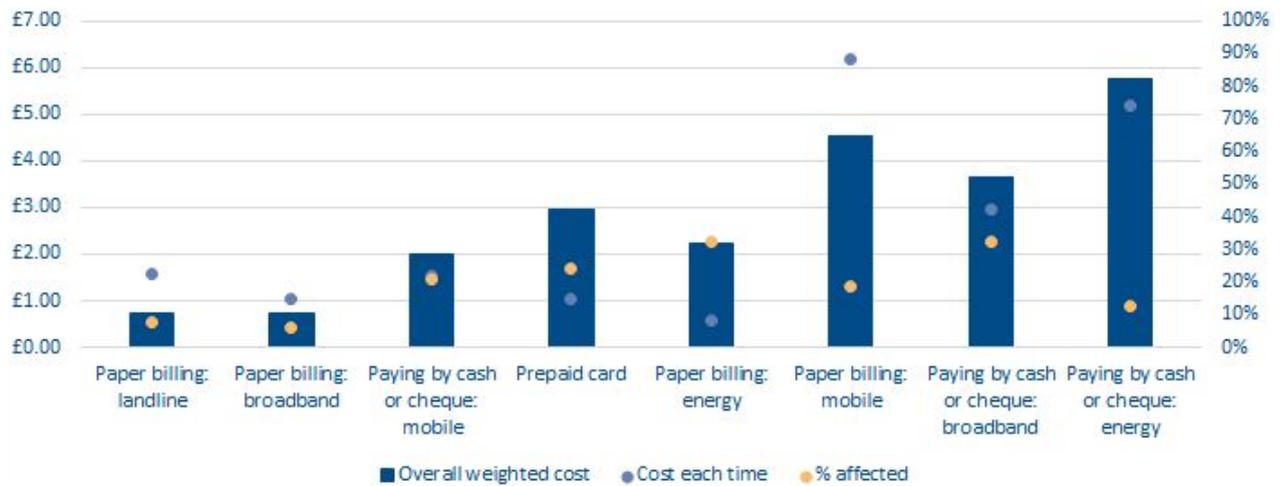
**Figure 4: Average annual cost of actions to control finances where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>52</sup> See the methodological report for more details.

<sup>52</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

**Figure 5: Average annual cost of actions to control finances where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>53</sup> See the methodological report for more details.

## Why do mental health problems lead to these costs?



Alex lives alone in North East England. She has been diagnosed with bipolar disorder and experiences paranoia. Alex avoids direct debits completely, and refuses to make payments via the internet because she worries about people accessing her bank details. Instead, she pays all her bills over the phone.

Alex has severe memory problems which make it difficult for her to take in information, meet deadlines or finish tasks. She will often contact her service providers repeatedly to discuss the same issue. She has a specialist case manager with her mobile phone company, because she needs a lot of help with her account. Her local council is also very supportive:

*"I'll phone up and say, 'Am I due to make a payment?' They'll say, 'No,' and I'll phone the next day, 'Am I due to make a payment?' 'We told you this yesterday. We'll phone you if you miss a payment.' That's what they'll say. So, I write on my phone, 'They'll phone if I miss a payment'"*

<sup>53</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

## Problems understanding and completing paperwork

*"sometimes with depression you can just look at [a form] and not understand"*

- Samira, depression

72% of people with mental health problems say they find it more difficult than usual to manage or complete paperwork during periods of poor mental health.<sup>54</sup> And local Citizens Advice advisers say that difficulties completing paperwork mean clients with mental health problems are likely to miss deadlines, fill in forms incorrectly or have applications for support closed due to inaction.<sup>55</sup>

*"at the end of 6 million other words, it does say 'If you are struggling, please consider'....but you're talking about people reading every document, going through everything, reading everything and then being able to access the service"*

- Ishan, local Citizens Advice adviser

Problems understanding and completing paperwork can mean people are unaware of services like third party bill management or automatic spending controls, and that they struggle to apply for these services. It can also lead to problems setting up direct debits or automated payments. So instead, people may end up relying on alternative 'prompts' and control mechanisms.

## Medium-term memory problems

A recent survey conducted by Citizens Advice found that 73% of people with mental health problems said they were more forgetful than usual during a period of poor mental health, and 69% said it was more difficult than usual to keep track of deadlines during these periods.

*"We continue to receive our [bank] statements through the post, I'm more likely to check them when I see them in front of me than knowing they are available online."*

*"When I managed our finances for a time I checked our bank statement monthly but not our energy and mobile phone bills because they are managed online and out of sight means out of mind. It's easier to pick*

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<sup>54</sup> Survey conducted by ComRes on behalf of Citizens Advice, March 2017. Base: 1000.

<sup>55</sup> Citizens Advice, [Beyond Good Practice Guidelines](#), May 2018.

*up a piece of paper and physically look at it than at some point remembering to check online, it doesn't happen"*

- Jane, depression and anxiety

Forgetfulness is a common symptom of many mental health problems, as well as being a side-effect of some treatments.<sup>56</sup> It's especially common with fluctuating conditions such as bipolar disorder and PTSD.<sup>57</sup> Paper bills can act as a useful physical reminder to make payments. Using prepaid cards and avoiding direct debits can help people stay within a budget, make sure essential bills are paid, and avoid going into their overdraft by accident.

## **Income shortfalls**

In the past year, 24% of people we surveyed with mental health problems used payday or pawnbroking loans twice or more, and 31% said they used a credit card frequently. In addition, 46% had gone into a planned overdraft once or more in the past year. Of these people, 1 in 3 had done so monthly or more. This represents frequent, regular reliance on these forms of credit. It suggests that rather than accounting for one-off purchases, they are being used as a method of financial management.

Problems with working memory can make it difficult for people with mental health problems to fully absorb and consider the long term implications of taking out credit in this way. And certain mental health problems, particularly anxiety, have been shown to decrease people's ability to budget and plan ahead. These behaviours can lead to people with mental health problems focusing on short-term priorities. Although these forms of credit are usually more expensive in the long term, they address the immediate issue at hand. In this way, poor mental health can itself lead to increased reliance on short-term credit.

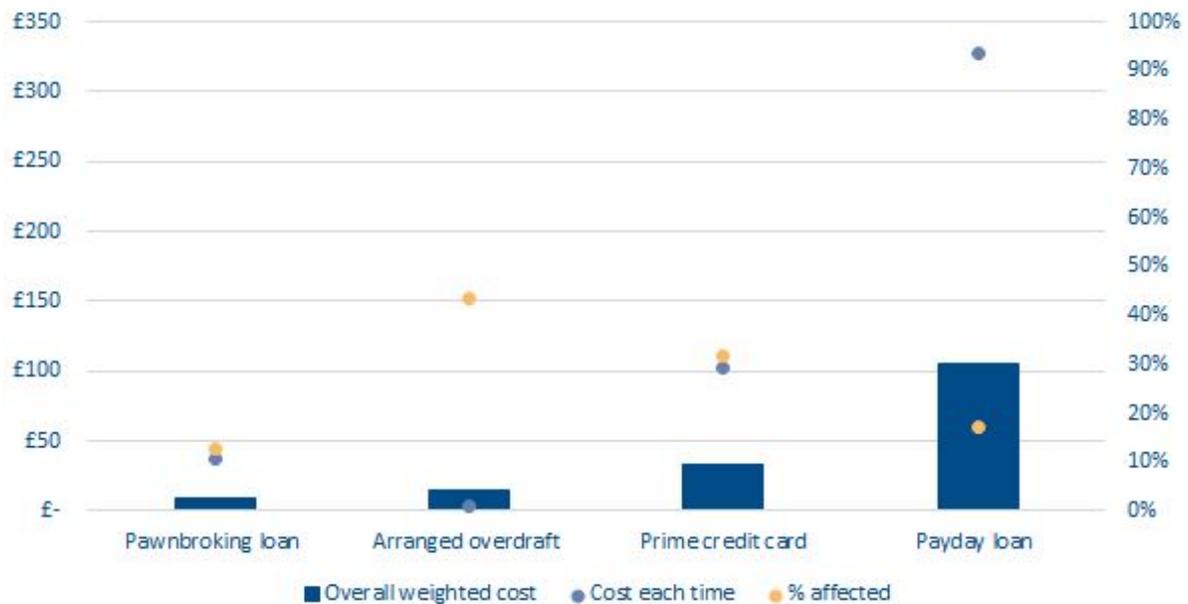
In addition, the extra costs outlined in other chapters themselves create a significant, ongoing financial burden which may lead people with mental health problems to struggle making ends meet. They may then use short-term credit to bridge the gap between income and expenditure, and to ensure essential bills still get paid.

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<sup>56</sup> Money and Mental Health Policy Institute, [Levelling the Playing Field](#), December 2017.

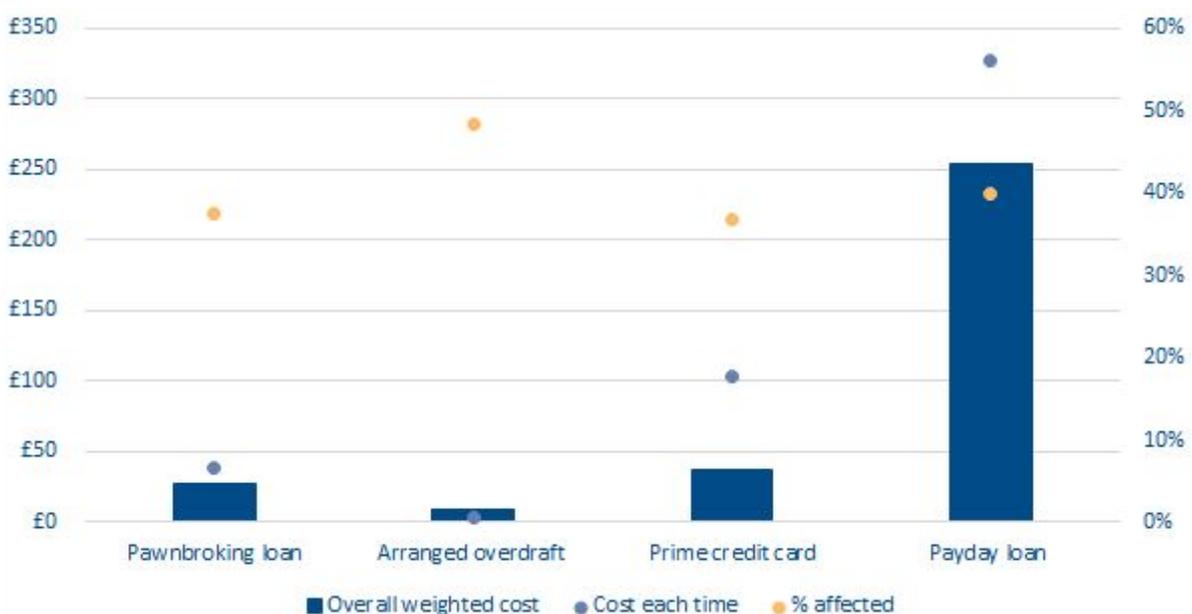
<sup>57</sup> Money and Mental Health Policy Institute, [Seeing through the fog: summary by diagnosis](#), January 2017.

**Figure 6: Average annual cost of dealing with income shortfalls, where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>58</sup> See the methodological report for more details.

**Figure 7: Average annual cost of dealing with income shortfalls, where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>59</sup> See the methodological report for more details. Base: 777.<sup>60</sup>

<sup>58</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

<sup>59</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

<sup>60</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

## Why do mental health problems lead to these costs?



Darren is 48. He has alcohol dependence and schizophrenia. He is up to date with his council tax and rent (although this has been a problem in the past), and came to Citizens Advice for help with credit card debts.

Darren has a number of credit cards with both mainstream and subprime providers, and has almost reached the credit limit on all of his accounts. He's worried about the interest he's building up, but told his adviser that even without this, the monthly minimum payments are a struggle. He is also in an unplanned overdraft in his current account.

Darren said his mental health problems have left him unable to manage his finances effectively, which is the main reason he has reached the limit on all his cards. He told his adviser he didn't understand why the interest on his cards was so high, and asked for help negotiating affordable monthly payments with his providers.

### Difficulty with medium-long term planning

Research conducted by Money and Mental Health has found that anxiety carries a significant 'cognitive load' that can reduce people's capacity to carry out administrative tasks or manage their finances.<sup>61</sup> Another study has found that impaired 'executive functioning', such as reasoning, planning and decision-making, can predict higher levels of credit card debt.<sup>62</sup> And financial capability research conducted by Citizens Advice has found that people with mental health problems are 25% more likely to report low knowledge of how to plan ahead compared to those without.<sup>63</sup>

*"My whole aspect to finances change[s] all the time – every month I've got a different attitude. One month I don't care, next month I don't spend a penny."*

*- Jamel, depression*

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<sup>61</sup> Money and Mental Health Policy Institute, [Money on your Mind](#), June 2016.

<sup>62</sup> Spinella, Yang and Lester, [Prefrontal systems in financial processing](#), The Journal of Socio-Economics, 2007.

<sup>63</sup> Citizens Advice, [Money Talks: Evaluating life event focused money guidance](#), October 2018.

As a result, staying within a budget, managing bills or keeping track of payments can become very difficult. And when facing a shortfall between income and expenditure, a tendency to focus on short-term solutions can mean people are more likely to take out credit - even if this means paying more in the long run.

## Unexpected charges

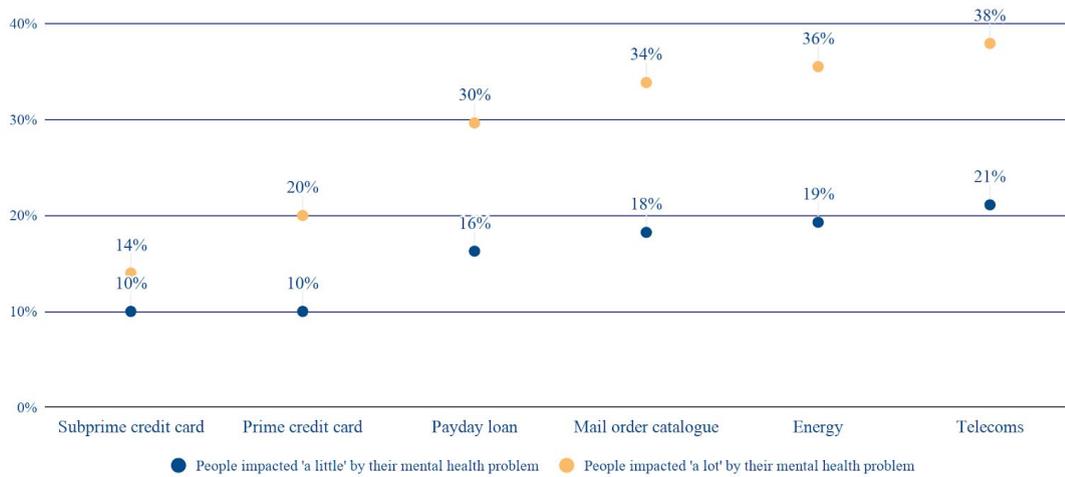
As outlined earlier in this chapter, short and medium-term memory problems can make people more likely to lose items, including bills and bank statements. They can also make it more difficult for people to pay bills on time, or to remember when direct debits will be taken from their bank. As a result, people with mental health problems can end up missing payment deadlines, or facing bank charges for 'bounced' payments.

*"I am useless at paying bills. I forget to pay things, and then sometimes you realise and you've got a charge for paying late or something."*

- *Lola, depression*

Among those whose mental health problem reduces their ability to carry out daily activities 'a little', 1 in 3 have paid at least 1 essential bill late in the past year. This rises to 1 in 2 of those with more severe mental health problems. Across each market we tested, people with more severe mental health problems were consistently more likely to have paid their bills late. And overall, the average number of payments missed per person for each service was 3 per year.

**Figure 8: % of people with mental health problems who have paid late fees on essential services, by self reported impact of mental health problem**



Source: ComRes. Bases: Affected a lot by a mental health problem: 777. Affected a little by a mental health problem: 750.<sup>64</sup> See the methodological report for more details.

The other major area where people may experience unexpected charges is via their current account if there isn't enough money to cover requested payments. 43% of people with a mental health problem have incurred unexpected charges due to late or missed payment fees. 63% have incurred fees due to accidental overdraft usage, going over a credit limit, or having payments 'bounce'.

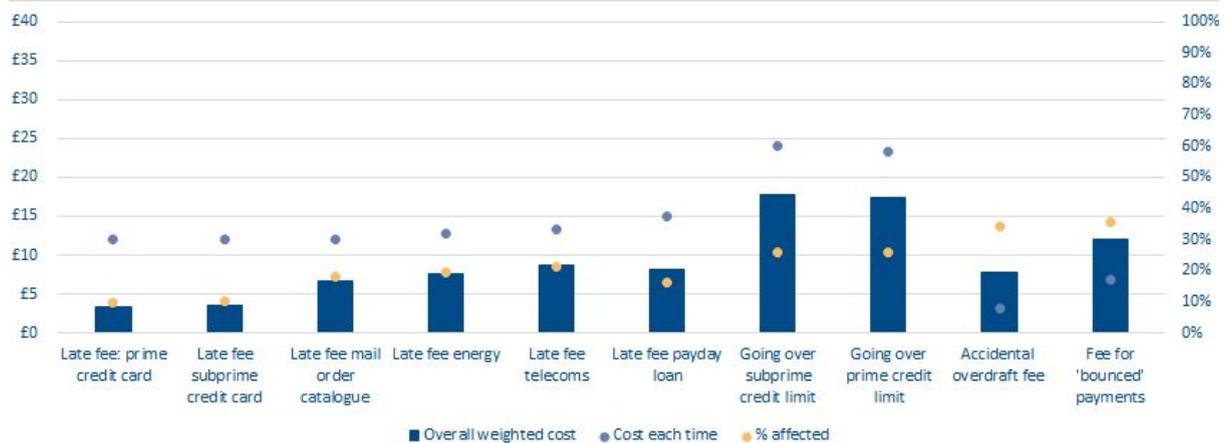
**Figure 9: Of people with diagnosed mental health problems:**



<sup>64</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

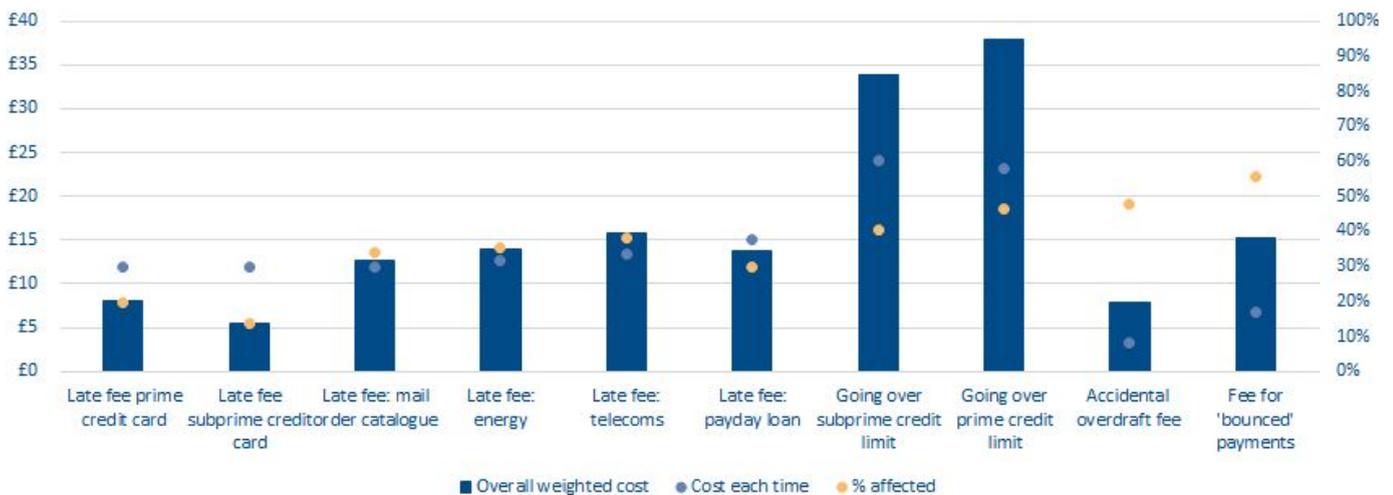
As a result of late payment fees, current account charges, and charges for going over credit limits, people who have mental health problems which reduce their ability to carry out daily activities 'a little' face extra costs of £90 each year. For those whose mental health reduces their ability to carry out daily activities by 'a lot', this rises to £140.<sup>65</sup>

**Figure 10: Average annual cost of unexpected charges, where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>66</sup> See the methodological report for more details

**Figure 11: Average annual cost of unexpected charges, where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>67</sup> See the methodological report for more details.

<sup>65</sup> Costs compared to not incurring any unexpected charges. Based on concept of involuntary expenditure driven by financial exclusion used in Bristol University's [Poverty Premium](#) methodology. Our research accounts for people with a diagnosed mental health problem - scale of costs may vary when also considering people with undiagnosed mental health problems. For full methodological details, please see the methodological report.

<sup>66</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

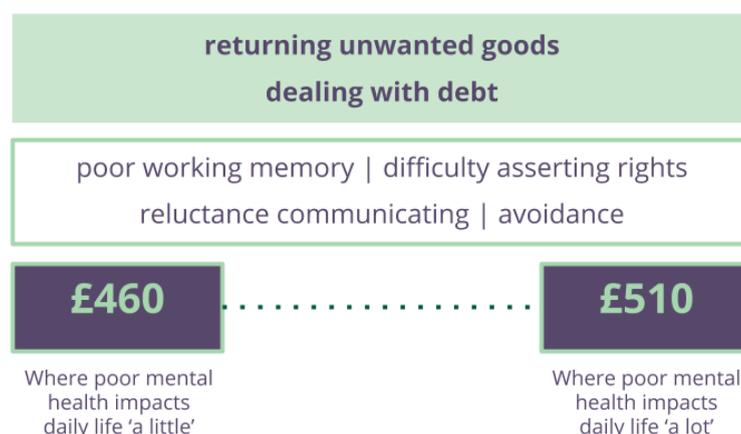
<sup>67</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

### 3. Dealing with problems

Returns and complaints processes are often complex, rigid and inflexible. This can place an unreasonable burden on people with mental health problems, who may struggle with understanding and completing complex processes. Inaccessible services lead to people stopping the returns process partway through, completing it incorrectly, or not even attempting to make a return in the first place. This can also mean people don't access compensation they may be entitled to.

Combined with previous negative experiences interacting with customer service staff, poor mental health can also make it more difficult to seek help with debts. And the often unsympathetic approach taken to debt recovery by providers can exacerbate mental health problems. This leads to problems escalating, becoming entrenched and more expensive to resolve. A poor experience attempting to resolve a problem with 1 provider may make it more difficult for someone to engage with another in the future. In this way, inconsistent practices lead to poorer outcomes for consumers across the board.

This research finds that people with mental health problems lose an average of £420-£430 each year due to problems obtaining refunds for unwanted telecoms products purchased via a telecoms service provider and difficulty returning unwanted goods to postal depots. In addition, debt recovery measures lead to average costs of £40-£80 each year.<sup>68</sup>



<sup>68</sup> Costs compared to facing no problems returning items and obtaining refunds, and no debt recovery measures. Based on concept of involuntary expenditure driven by financial exclusion used in Bristol University's Poverty Premium methodology. Our research accounts for people with a diagnosed mental health problem - scale of costs may vary when also considering people with undiagnosed mental health problems. For full methodological details, please see the methodological report.

These costs should be taken as an illustration of a much wider problem across essential services. It is likely that people with mental health problems encounter a range of additional, 'hidden', costs that are more difficult to quantify. Problems such as billing errors, deactivated accounts or difficulties making an insurance claim, for example, don't have an easily identifiable cost and are likely to go unnoticed or ignored over long periods.

## Returning products

Previous chapters show how many people with mental health problems struggle with decision making and overspending. As a result, they can end up taking out contracts they regret. This research finds that a large proportion of people with mental health problems have also been unable get a refund on items they regretted purchasing because of these same behaviours.

Contracts taken out online or by phone (but not face-to-face) provide a 14-day 'cooling off' period in which to cancel it. To cancel after this point, people have to prove that they lacked the capacity to take out a contract and show that the provider was (or should have been) aware of this. This is very difficult for people with mental health problems to do in practice - particularly without help. So in most cases, people end up either paying for the full contract, or facing high exit fees for leaving early. In fact, of people with mental health problems that reduce their ability to go about their daily life, only 11% did not face any costs when trying to leave a contract they regretted signing up to.

Different restrictions apply for tangible goods. A 14-day cooling off period also applies when buying most goods at a distance or away from trade premises.<sup>69</sup> Consumers have the right to return goods within 30 days if the product is faulty or misdescribed. And many retailers also allow customers to return goods at their discretion as part of their own returns policy.<sup>70</sup> However returns policies often vary - and for people with mental health problems the supposedly straightforward task of returning a product for a refund can be much more difficult.

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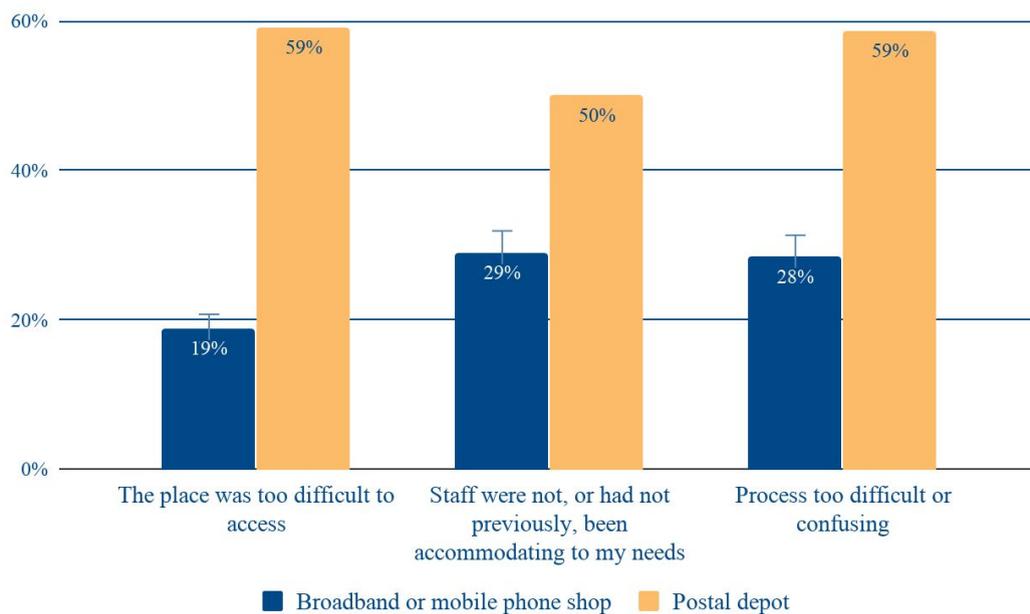
<sup>69</sup> This includes transactions made online, by phone, as doorstep sales, or by mail-order

<sup>70</sup> The 6 largest mobile providers all have their own returns policies with different discretionary terms and conditions, but which typically have a 30 day window to return faulty devices. 1 provider also has a 14 day window in which to return unwanted devices, and 2 providers have a 30-day window in which to do this. 1 provider does not allow returns for any devices or accessories purchased in-store. 1 provider only allows returns of accessories for change of mind reasons, and this must be completed within 14 days.

In the past year, 2 in 5 people with a mental health problem have bought a telecoms item that they regret. Of those who bought this from a mobile phone or broadband shop, 88% tried to return it. Only 11% of them received a full refund. Similarly, 2 in 5 people with a mental health problem were unable to return a unwanted item they received in the post via a post depot or delivery point within the last year.<sup>71</sup>

This does not tell us whether people were attempting to return goods within the providers' returns period. But it does show that many people with mental health problems are unable to return goods for a full refund, despite wanting to. This research finds that poor mental health can make it much more difficult to complete returns processes accurately and within the required timescale. The following graph shows some of the reasons why people with mental health problems did not return goods, despite not wanting them.

**Figure 12: % of people with mental health problems who did not return unwanted goods for accessibility reasons**



Source: Comres. Bases: Affected a lot by a mental health problem: 777. Affected a little by a mental health problem: 750.<sup>72</sup> See the methodological report for more details.

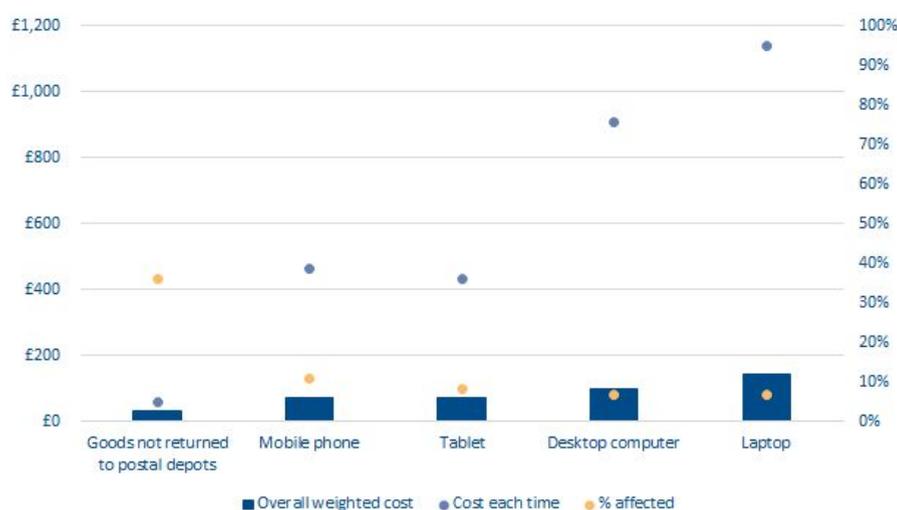
People with mental health problems can face a range of barriers at different stages of the returns process. Services that are inaccessible for any of the reasons given above mean that returns often aren't attempted, are stopped partway through, or are completed incorrectly. And Money and Mental Health

<sup>71</sup> Exact question: Have you decided not to return unwanted goods you ordered and received in the post to a depot or delivery point?

<sup>72</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

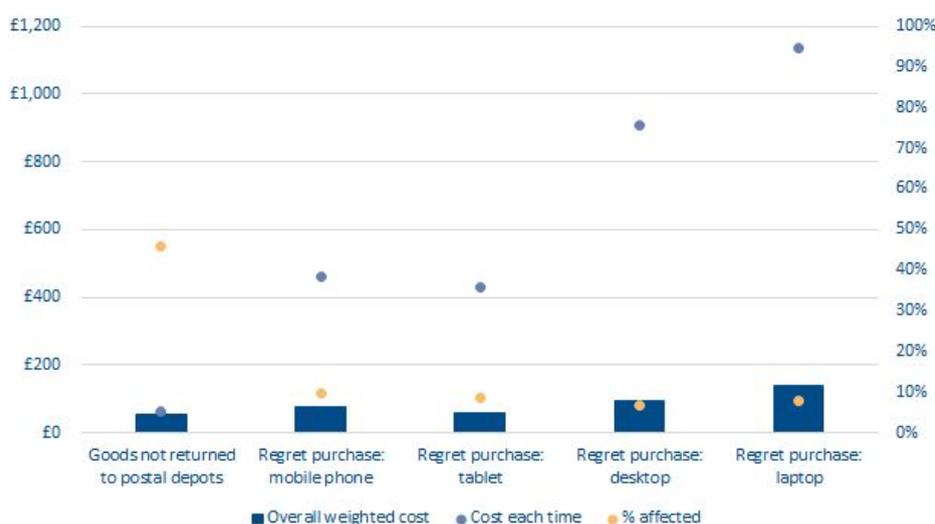
have found that many retailers provide unclear or even misleading information about how to return unwanted online purchases.<sup>73</sup> People with mental health problems may be missing out on refunds and losing money as a result.

**Figure 13: Average annual cost of not returning items to postal depots and telecoms shops, where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>74</sup> See the methodological report for more details.

**Figure 14: Average annual cost of not returning items to postal depots and telecoms shops, where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>75</sup> See the methodological report for more details.

<sup>73</sup> Money and Mental Health, [Over a fifth of UK's top retailers are failing to give consumers the information they need to make returns](#), 2019.

<sup>74</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

<sup>75</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

## Why do mental health problems lead to these costs?



Finbar called the Citizens Advice consumer helpline. The first thing he told the call handler was that he has mental health problems.

Finbar said he was having a problem with his mobile phone. When the telephone mast near his house was replaced, he stopped receiving network coverage. This was 6 weeks ago, and the phone has been unusable ever since. According to the adviser, Finbar was very anxious about this.

Finbar said his mental health made it difficult to deal with this problem, and that he was frustrated by the lack of support he had received from his provider. He also said he struggles to use technology, and was made to feel stupid when he asked for help. Finbar then told the adviser he had complained to Ofcom, who had asked him for a 'deadlock' letter from the provider. However, Finbar said he couldn't write this letter and did not want to contact Ofcom again.

In their call notes, the adviser said Finbar kept going off topic and repeating himself. They found it difficult to understand what the problem was, or who Finbar had spoken to about it. They were unsure whether he had made contact with the phone provider at all, or whether he was currently being supported to do so.

The adviser referred Finbar to his local Citizens Advice for a face-to-face appointment, where he could get help writing a letter to his provider. Later that day, Finbar called again about the same problem. The adviser reiterated what they had previously told him.

### **Working memory: difficulty understanding complex processes**

Problems with working memory make it harder to understand and carry out complex actions, like returning unwanted goods. This is often a cognitively challenging process with multiple steps. Of people with mental health problems surveyed who hadn't received a refund on a product they regretted buying, 1 in 4 said they found the thought of trying to return it overwhelming. This rises to 3 in 5 among those who didn't return an item through the post.

*“Even when I’m on it, if I’m having a particular down day, just that total lack of motivation...just inability to function properly and you just need to reset another day.”*

- Sophia, depression and PTSD

Poor working memory can cause people to be easily overwhelmed, or prone to confusion and disorientation. Research by Money and Mental Health found that a lack of processing capacity may mean missing out information about how to make a return, and subsequently bypassing required steps.<sup>76</sup> These steps might include:

- Completing a form or contacting the seller to request a return
- Finding a receipt
- Collecting all pieces and accessories along with the original packaging
- Traveling to a shop or depot and speaking with staff to make a return

Missing out a step or completing one incorrectly can mean the returns process is stopped or a refund is not given. In addition, problems with working memory can make noise, queues and lights disorienting and overwhelming. The layout and location of shops and postal depots can therefore add extra stresses for some people with mental health problems.<sup>77</sup>

*“The more customers there are and any queues tend to increase my anxiety which may lead to me leaving a shop without undertaking the planned task.”*

- Hayley, anxiety

## **Communication: reluctance and self-assertion**

Of those with mental health problems who didn’t ask for a refund for an item they regretted buying, 1 in 4 said it was because they didn’t feel able to speak to customer service staff. Ethnographic research conducted on behalf of Citizens Advice identified ‘reluctant communication’ as a common behaviour among people with mental health problems.

This research found that ‘reluctant communicators’ are particularly likely to put off making or receiving phone calls.<sup>78</sup> Additional research found that 78% of

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<sup>76</sup> Money and Mental Health Policy Institute, [Seeing Through the Fog](#), 2017.

<sup>77</sup> Citizens Advice, [The customer journey: disabled people’s access to postal services](#), 2018.

<sup>78</sup> Britainthinks on behalf of Citizens Advice, [Essential service markets and people with mental health problems](#), 2018.

people with a mental health problem struggle speaking face-to-face.<sup>79</sup> Citizens Advice research looking at the customer journey in essential services for people in vulnerable situations further illustrates the importance of multi-channel service provision. This research found that people need to be able to pick the communication channel which works best for them, and need to be able to move easily between channels as their circumstances change. However, there often aren't multi-channel options for contacting service providers.<sup>80</sup> So where someone struggles with a particular communication method, it can be difficult, or even impossible, to resolve their problem.

*“When you feel low it is particularly challenging to have to keep explaining a complex problem with a number of steps over and over and feeling like you are fighting to get it resolved. It really takes it out of you.”*

- *Jacob, depression, seasonal affective disorder and anxiety*

People with mental health problems can also struggle with asserting themselves or complaining. Our interviews with local Citizens Advice advisers attributed this behaviour to a lack of confidence when engaging with providers.<sup>81</sup> This can make it difficult to negotiate with providers or get adequate compensation, and may also impact on people's ability to contact and use ADR schemes.

### **Interpreting social and emotional signals**

Many mental health problems can lead to impaired social cognition. This refers to the ability to pick up on nonverbal social and emotional signals, like body language or tone of voice, to pull out information and identify other people's emotions.<sup>82</sup> Impaired social cognition can make hard to understand or engage with other people, and can mean people leave conversations confused about what has been said or agreed. Money and Mental Health has found that people whose mental health has led to problems with social cognition are often reluctant to bring problems to their providers' attention. This is often out of fear that they will be misunderstood or say the wrong thing, and from the emotional strain of trying to interact with other people.<sup>83</sup>

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<sup>79</sup> Survey conducted by ComRes on behalf of Citizens Advice, March 2017. Base: 1000.

<sup>80</sup> *ibid*

<sup>81</sup> Adviser interviews conducted by Citizens Advice as part of [Beyond Good Practice Guides](#), 2018.

<sup>82</sup> Money and Mental Health Policy Institute, [Seeing Through the Fog](#), 2017.

<sup>83</sup> Money and Mental Health Policy Institute, [Seeing Through the Fog](#), 2017.

*“clients can't remember what was said and they're not able to challenge the phone company's version of events. They don't want to point the finger, so they end up blaming themselves”*

- Local Citizens Advice adviser

As a result, people with mental health problems may avoid returning to the shop where they bought an item or making phone calls to arrange a return altogether to avoid the added stress of misunderstandings. Of those with mental health problems who didn't ask for a refund for an item they regretted buying, 1 in 5 (19%) said this was because they were worried that something would go wrong.

## **Paying charges for debt recovery**

There is a well established link between mental health problems and debt.<sup>84</sup> Analysis of the 2000 British National Survey of Psychiatric Morbidity found that 1 in 6 (15%) of the general population had some kind of 'mental disorder'. This rose to nearly 1 in 2 (43%) of those with some kind of debt.<sup>85</sup>

People with mental health problems are also more likely to have multiple debts, or entrenched debt problems. Of all Citizens Advice debt clients, more than 2 in 3 of those with mental health problems have needed advice on multiple debts - compared to less than half of those without.<sup>86</sup> And previous research by Citizens Advice found that people with mental health problems are 37% more likely to be in problem debt, compared to those without.<sup>87</sup>

Being in debt come with costs of its own. When people are not able to deal with their debts, or set up repayment plans, their creditors may take formal action to pursue them.<sup>88</sup> And evidence from local Citizens Advice suggests that where debt has become a huge source of anxiety, either because of the financial burden or aggressive collection practices, people may decide to deal with it by applying to have the debt written off completely rather than pay it off over time - even where this means paying extra. For those whose mental health problem reduces their ability to carry out daily activities 'a little', debt-related fees cost an average

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<sup>84</sup> Mind, [Still in the Red](#), 2011; Mind, [Money and Mental Health](#); Money Advice Liaison Group, [Debt and Mental Health Evidence Form](#); Mental Health Foundation, [Poverty and Mental Health](#), 2016.

<sup>85</sup> Public Health Medicine, [Mental Disorder in People with Debt in the General Population](#), 2009.

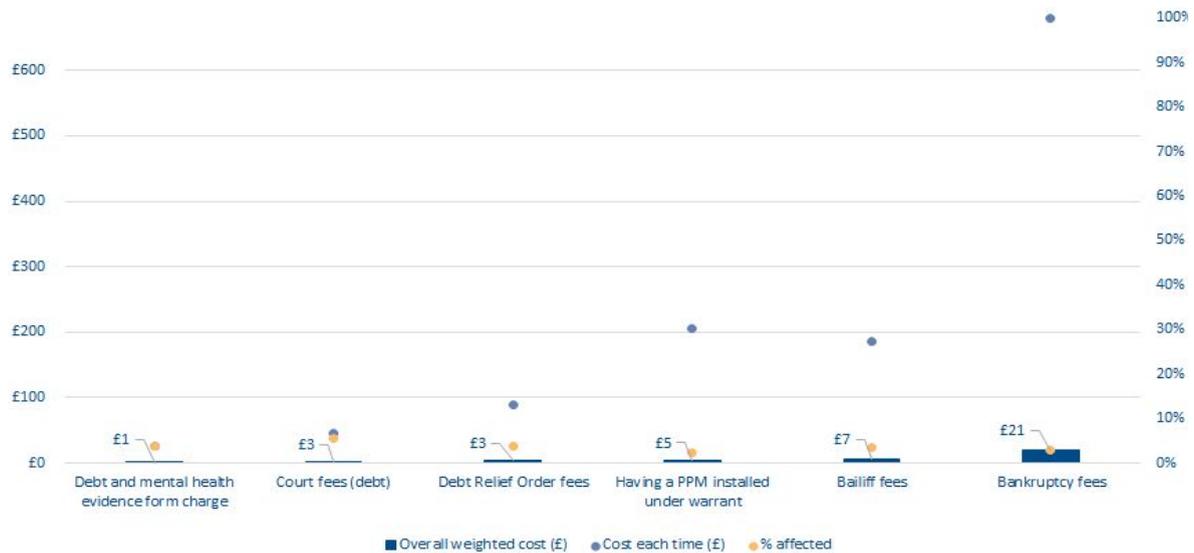
<sup>86</sup> Citizens Advice, [Joining the Dots](#), 2017.

<sup>87</sup> Citizens Advice, [A Debt Effect?](#), 2016.

<sup>88</sup> Analysis of figures released by the Ministry of Justice finds that the average cost of bailiff action is £185, and the average cost of a court claim is £45.57. For more details, see the methodological appendix.

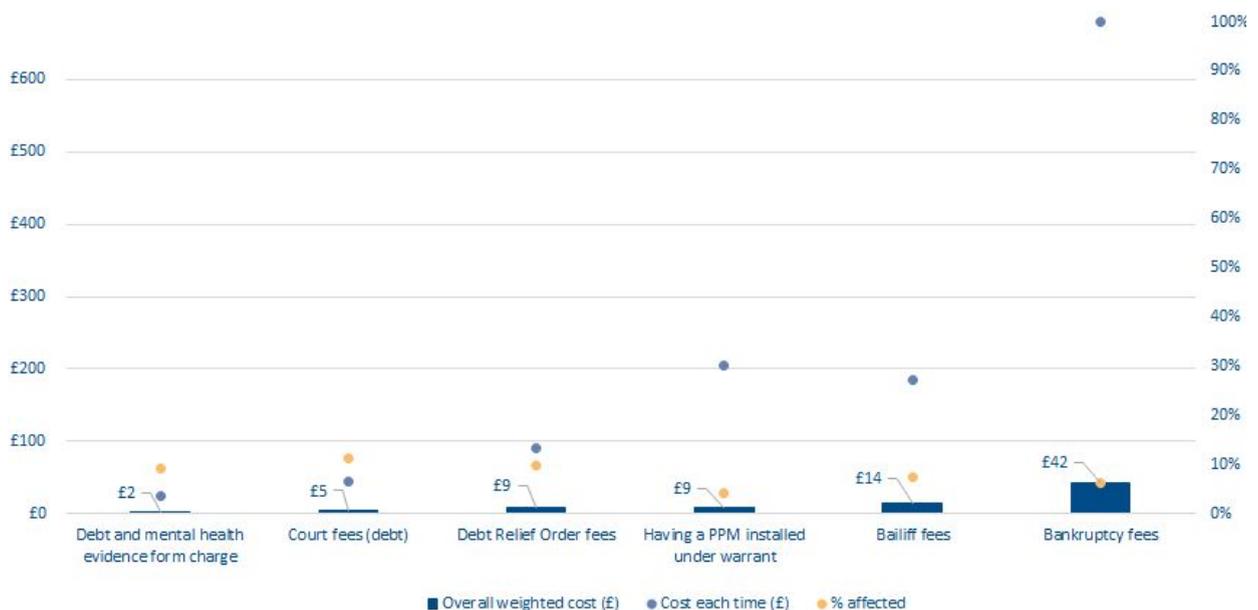
of £39 each year. For those whose mental health problems reduce their ability to carry out daily activities 'a lot', this rises to £81.

**Figure 15: Average annual cost of debt recovery, where a mental health problem impacts daily life 'a little'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 750.<sup>89</sup> See the methodological report for more details.

**Figure 16: Average annual cost of debt recovery, where a mental health problem impacts daily life 'a lot'**



Source: Citizens Advice analysis of data collected by ComRes. Base: 777.<sup>90</sup> See the methodological report for more details.

<sup>89</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

<sup>90</sup> Bases adjusted per answer to remove those who responded 'I don't know'.

## Why do mental health problems lead to these costs?



John lives alone in the East of England. He's been signed off work by his doctor due to his mental health problems, and has not been able to work for 3 years. He first came to Citizens Advice for help with debt problems in 2015, after bailiffs came to his house.

John's debts have now started to build up again, and his mental health problems have left him unable to deal with them. He is behind with council tax payments, mobile phone bills and credit card payments. He also has unpaid parking fines and other bank debts. John has avoided his bills and is not sure how much they are, but thinks the total debt is between £3,000 and £4,000. He came to Citizens Advice asking for help ringing creditors, as he lacks the confidence and concentration to do this alone.

### Avoidance

Having a mental health problem can make it extremely difficult to address financial matters head-on. A survey by Mind found that 61% of people with mental health problems avoid opening their bills (rising to 79% among those with problem debt).<sup>91</sup> Research by Money and Mental Health found 74% of respondents avoid paying bills, and 71% avoid dealing with creditors.<sup>92</sup>

*"sometimes – because I do feel anxious – I just don't deal with it, I just put it on the back-burner. I think that's why it's accrued to so much. Because when you're on the phone with somebody, and you're trying to explain what you're going through, sometimes they sound a little bit sarcastic, like they don't understand... and the problem just don't get dealt with very well, and I kind of just let it mount up"*  
- Laura, anxiety, phobia and panic attacks

Our advisers have found that people with mental health problems often approach Citizens Advice for support at a crisis point in the debt collections process. Consumers referred to our Extra Help Unit often have mental health

<sup>91</sup> Mind, [Still in the Red](#), 2011.

<sup>92</sup> Money and Mental Health Policy Institute, [Money on your Mind](#), June 2016.

problems, which indicates that they have sought help at a late stage.<sup>93</sup> Clients with mental health problems are also more likely to view their problems as needing urgent action than the general population.<sup>94</sup>

*“I’ve had clients who’ve been sectioned... linked to the stress of having years of just not being able to handle their finances... over time they get to the point of not being able to cope any more at all and they go into total meltdown”*

- Paula, local Citizens Advice adviser

In addition, taking action to address problems can exacerbate mental health problems in the short term. This makes avoidance a tempting strategy for maintaining good mental health. In the long term, however, problems tend to escalate, become entrenched and are even more difficult to address.

*“No one really gives a monkey’s, I suppose – and when you’re suffering like I was . . . they don’t realise that perhaps it’s the last thing you want to deal with in the world, really.”*

- Michael, PTSD and anxiety

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<sup>93</sup> The [Extra Help Unit](#) is a team of caseworkers managed by Citizens Advice Scotland. Each year, they assist over 12,000 vulnerable individuals and micro-businesses with energy issues. Citizens Advice, [Beyond Good Practice Guidelines](#), May 2018.

<sup>94</sup> Citizens Advice, [Joining the Dots](#), 2017.

# Conclusion

The cognitive and behavioural impact of poor mental health can lead people to struggle when choosing services, paying for them, and resolving problems. Combined with inadequate support from providers, people with mental health problems can end up paying £1,100 - £1,550 each year as a result.<sup>95</sup> This suggests that people with mental health problems are not being treated fairly in essential markets. People should not be penalised if a health problem means they are unable to understand, manage or cope with 'everyday', essential tasks. And firm practices should never worsen a customer's health.

**To help reduce these costs, regulators should agree minimum standards of support for people with mental health problems.** Providers should ensure all their services are designed so people with mental health problems are just as able to benefit from them as those without. But some people will still benefit from extra support. Pockets of excellent practice already exist across sectors - but these are not a substitute for a coherent, cross-sector approach. As a starting point, regulators should consider the following:

- **When choosing services**, regulators should explore ways of making it easier for this group to exit contracts. And if a customer with mental health problems is struggling to pay their bill, providers should review their tariff and check it is the best one for their needs.
- **When paying for services**, people with mental health problems should not be charged for paper bills. Where a person has given their consent, it should be easy for a trusted person, like a family member or friend, to step in and help with their account during periods of poor mental health.
- **When dealing with problems**, people with mental health problems should have access to, specialist customer support, they should be able to communicate via their preferred method. Information about extra support should be easy to find.<sup>96</sup> People with mental health problems should be given due priority for repairs when service is disrupted due to faulty or broken equipment. And they should not have services disconnected due to debt or late payment - instead, providers should set up affordable payment plans or switch them to a more appropriate deal.<sup>97</sup>

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<sup>95</sup> For evidence of poor support from providers, see Citizens Advice, [Beyond Good Practice Guides](#), 2018.

<sup>96</sup> For a guide as to what this should look like in practice, see Money and Mental Health, [Access Essentials](#), July 2018; Money Advice Trust and Energy UK, [Vulnerability, mental health, and the energy sector](#), 2017.

<sup>97</sup> We have outlined good practice in mobile debt collection [here](#).

In some cases, access to support may require people to disclose their condition or meet eligibility criteria. However, these thresholds should always be kept as low as possible.<sup>98</sup>

Minimum standards define a set of actions that providers should take to make their services more accessible for people with mental health problems. In some cases they are also likely to benefit other consumers in vulnerable circumstances, like people with physical disabilities or those who have suffered a bereavement. As such, these actions can form part of a suite of solutions to help companies comply with broader principles-based requirements to take account of the needs of vulnerable customers. In this way, prescriptive rules - including minimum standards - are not incompatible with principles-based requirements. Many regulators use a mix of both principles and prescription to deliver good consumer outcomes. However, we recognise the appropriate balance between these may depend on regulatory context. Citizens Advice is conducting further research to understand how these standards could be implemented in practice, and we are consulting with regulators and providers as part of this.

**These minimum standards should be backed by appropriate enforcement.**

Customers need consistent support. Firms need incentives to provide this - and these are not always produced by competitive forces. Ofgem in particular has started taking tougher measures in response to acute provider failures, such as banning companies from taking on customers until they improve. But across regulators, there has been relatively little enforcement action specifically to tackle chronically poor customer service and support for vulnerable consumers. Regulators must commit to quick, proportionate responses where a firm's support is inadequate - including if they don't provide minimum standards of support for those with mental health problems.

## Recommendations

**Recommendation 1:** Ofgem, Ofcom, Ofwat and the FCA should jointly identify a set of minimum standards of support all providers should offer for people with mental health problems.<sup>99</sup>

**Recommendation 2:** Regulators should ensure they have effective systems for monitoring provider performance in this area, backed by swift compliance and enforcement action.

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<sup>98</sup> As previously recommended in [Beyond Good Practice Guides](#), 2018.

<sup>99</sup> This research does not include costs incurred due to problems with water, because the initial desk research found no direct costs for water consumers beyond their bill. However, minimum standards would greatly improve customer service in this market and ensure people are treated consistently across services.

# We help people find a way forward

Citizens Advice provides free,  
confidential and independent advice  
to help people overcome their problems.  
We advocate for our clients and consumers  
on the issues that matter to them.  
We value diversity, champion equality  
and challenge discrimination.  
We're here for everyone.



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