The Claro Mental Health Project

Report Into The Link Between Money And Mental Wellbeing

2021

.Claro

Introduction:

Claro's mission is to empower people to make smarter decisions about money.

As part of this purpose, we have teamed up with like-minded organisations and individuals to explore the link between money and mental health.

We've all experienced the stress of living beyond our means, the pressure to secure our financial future, and nagging financial demands.

But how do these concerns impact our mental wellbeing and, equally, how does our mental state impact our finances?

We set out to answer this question as well as exploring what can be done to better protect and maintain mental health through financial education, planning and taking better care of our money.

This report is the start of our journey.

We have undertaken research to examine these issues and begin to understand how mental health and money are intertwined in our society.

To help us on this path we have teamed up with charity partners and other individuals who have made financial education their mission in life.

These partners have helped us with shaping the survey, interpreting the data, expanding the reach of our research and will help to share the lessons we learn.

You can also play your part. If you haven't already, you can take part in our Money and Mental Wellbeing Survey. This will help us further our understanding of these issues and gain deeper insights for us to share.

By signing up for our updates you can also be kept informed of the latest Claro news and get involved as our campaign evolves in the months and years to come.

Our Partners In This Mission:

Mental Health UK

1 in 4 people in the UK has experienced a mental health problem. Mental Health UK brings together over 40 years of expertise from four national mental health charities to provide advice, information and support.

In the last year, it has provided bespoke advice to over 5,000 people through its key advice lines, published fact sheets and information pages that were viewed over 3.1 million times and trained over 8,000 people in workplace mental health.

www.mentalhealth-uk.org

The Money Charity

For over 25 years, The Money Charity (currently headed by chief executive Michelle Highman), has been the UK's Financial Capability charity.

It believes that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship.

And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier, more positive life.

The charity proactively provides education, information, advice and guidance to people of all ages, helping them to manage their money well and increase their Financial Wellbeing.

It empowers people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.

www.themoneycharity.org.uk

Methodology:

To explore the relationship between mental wellbeing and money, we designed a survey that was completed by a nationally representative sample of just under 2,000 UK adults.

The survey was carried out online in December 2020, in the midst of a global pandemic.

It asked people about their mental wellbeing, their current lifestyle and financial confidence and also contained questions designed to test and score their levels of financial literacy.

We also recorded their demographic details – age, gender, income, relationship and family status – as well as questions about their ethnicity, sexual orientation and medical history.

By recording this level of detail we hope to further explore the impact of wider social issues on financial education and security.

When reading the findings of this report, it's helpful to understand the following terminology:

Mental Wellbeing Score:

This is calculated across 14 aspects of wellbeing with respondents scoring 1 to 5 points on each element. The overall score ranges from 14 (lowest possible) to 70 (highest possible).

It is based on the Warwick-Edinburgh Mental Wellbeing Scale, a widely accepted method to provide a score for a person's current mental wellbeing.

Financial Literacy Score:

This is calculated across a survey of 27 questions. This creates a person's Financial Literacy Score (maximum 21 points). This comprises of a Financial Knowledge Score (7 points), a Financial Behaviour Score (9 points) and a Financial Awareness Score (5 points).

This is based on an internationally recognised method created by the Organisation for Economic Co-operation and Development (OECD).

Financial Confidence:

Respondents were asked to rate their current level of 'happiness' with their financial circumstances (High, Medium High, Medium, Low Medium and Low).

They also ranked their current activity levels, quality of social interaction and mental stimulation.

	Financial Confidence	Active Lifestyle	Mental Stimulation	Social Contact
High	I am very happy with my financial situation	I have a very active lifestyle; fitness plays a big part of my everyday life	I am very mentally stimulated (for example learning a new skill or spending time tackling challenging problems)	I am always surrounded by friends and/or family with whom I have a positive relationship
Medium High	I am moderately happy with my financial situation	I am moderately active, exercising when I can	I am reasonably mentally stimulated (for example I have a mentally stimulating job or have time to learn about new things)	I regularly see friends and/or family with whom I have a positive relationship
Medium	My financial situation is concerning at the moment, but likely to improve in the near future	I do relatively little exercise, as my lifestyle doesn't allow me to exercise as much as I'd like	I am moderately mentally stimulated (for example, I wish I had more time for intellectual stimulation)	I occasionally see friends and/or family with whom I have a positive relationship
Medium Low	I am concerned about my current and future financial situation	I don't exercise very much if at all – it's not a major priority in my life	I am not very mentally stimulated (for example, life feels a little repetitive and routine)	I rarely see friends and/or family with whom I have a positive relationship
Low	I am extremely worried about my financial situation	I never exercise	I am not mentally stimulated (for example, I regularly feel bored or am too tired to think creatively)	I have friends and family with whom I am in contact, but often the relationships are negative

Summary Of Key Findings:

This new research shows a strong correlation between levels of financial confidence and mental wellbeing.

People's average mental wellbeing scores drop by more than 37% from those with high financial confidence to those with the lowest.

Put simply, the less financially confident you feel (i.e. in control and secure) the worse your mental wellbeing is likely to be.

People who had seen a negative financial change reported average mental wellbeing scores which are 15.5% lower than the national average.

The lack of a similar uplift when we see a positive financial change suggests we feel the impact of losses on our mental wellbeing much more than we feel the benefit of financial gain.

It is common to have low financial confidence – and exposure to the associated impact on mental wellbeing – even on higher incomes.

For example, over 1 in 10 (12%) of those with a household income between £75,000 and £99,000, report having 'low' or 'low medium' levels of financial confidence.

On average people with lower financial confidence also have lower financial literacy.

Financial literacy scores drop 20.3% from those groups of people with the highest to lowest financial confidence.

The UK is lagging behind other countries in levels of financial literacy. Data from the OECD shows the UK ranked 15th out of 30 countries with average financial literacy scores 12% lower than France (the highest scoring nation on the OECD's table).

In particular, a lack of financial security most seriously affects our ability to feel good about ourselves, our levels of optimism, cheerfulness, confidence and ability to relax.

In our study, younger age groups especially appear to be lacking in financial literacy – for younger age groups (34 and below) the average financial literacy score is 16.5% below the UK average.

Continued Summary Of Key Findings:

The impact of lockdown on financial confidence is surprising.

Over two-thirds of UK adults (68%) reported no significant change in their overall financial security. Only 12% reported that their finances had become significantly worse.

Whereas 20% had used lockdown as an opportunity to improve their financial situation – i.e. by reducing unnecessary outgoings (such as commuting costs) or creating a clear financial plan.

It is also evident from our research that it is those who are most vulnerable that are most likely to be negatively affected by the impact of Covid-19. In particular, those living on the lowest incomes (household income lower than £20,000 p.a.) and people living with a disability.

Many people in the UK are currently living in a precarious financial position. In the last 12 months, 29% of UK households reported finding that their income did not cover their outgoings.

20% of UK households couldn't last more than a month if they lost their main source of income, without needing to borrow money or move house.

Getting to grips with some basic financial concepts is amongst the biggest lessons the UK needs to learn to improve its financial literacy.

The majority of UK adults do not have a good understanding of basic principles such as the impact of inflation on their money (64% don't understand) or how compound interest works (52%).

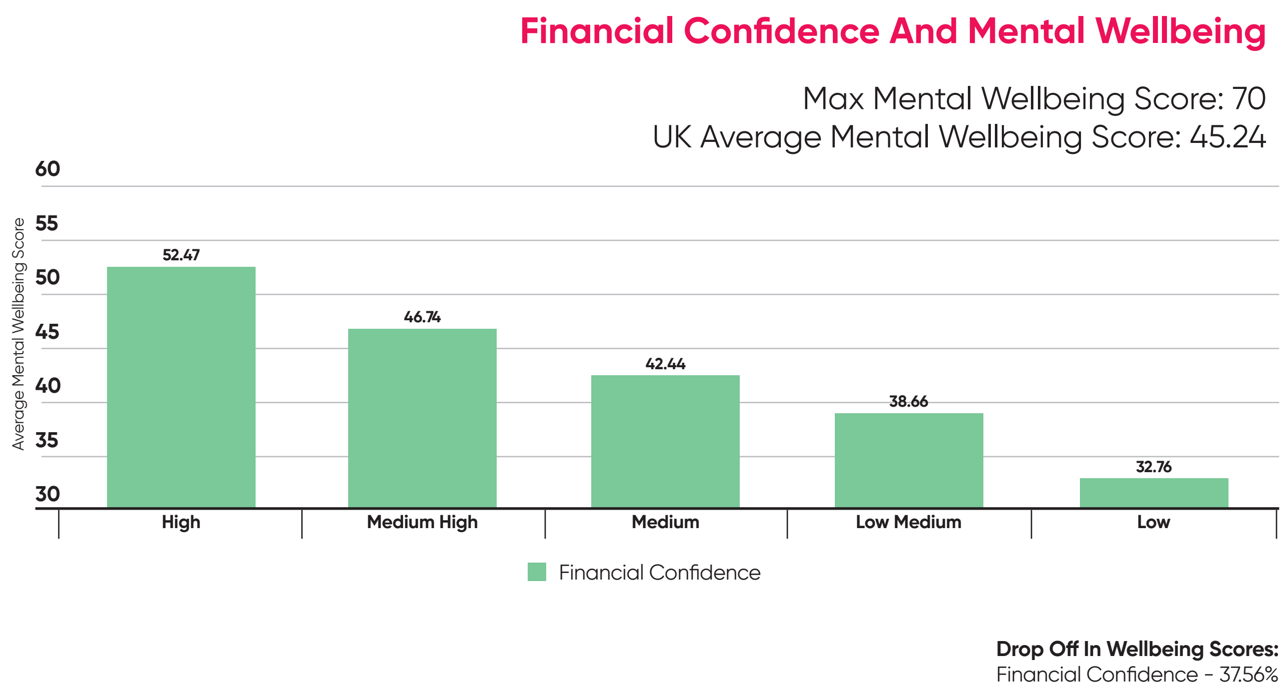
The report highlights a number of actions that younger groups should take to improve their financial literacy and, as a result, improve financial confidence and protect their mental wellbeing.

Just under a third (29%) of Millennials and Gen Z are not using a household budget to manage their income and expenditure.

41% have been living beyond their means at some point over the last 12 months. 1 in 6 have not been able to actively save any money over the past year.

Main Findings

1. There Is A Strong Correlation Between Financial Confidence And Mental Wellbeing



Aspect of Mental Wellbeing	Average Score - Low Financial Confidence	Average Score - High Financial Confidence	% Fall
I've been feeling good about myself	3.8/5	2.1/5	-45.17%
I've been feeling optimistic about the future	3.5/5	2/5	-43.19%
I've been feeling cheerful	3.7/5	2.1/5	-42.85%
I've been feeling confident	3.8/5	2.2/5	-42.23%
I've been feeling relaxed	3.7/5	2.2/5	-40.95%

The research shows a clear correlation between levels of financial confidence and mental wellbeing.

People's average mental wellbeing scores drop by over 37% from those with high financial confidence to those with the lowest (i.e. they are extremely worried about their financial situation).

Further statistical analysis shows that there is a high level of correlation between these two indicators*.

Put simply, the evidence suggests that the less confident you feel financially the worse your mental wellbeing is likely to be.

In particular, a lack of financial security appears to most seriously affect our ability to feel good about ourselves, our levels of optimism, cheerfulness, confidence and ability to relax.

Each of these aspects saw the largest percentage fall in average scores from those with the highest to lowest levels of financial security.

This is a heart-breaking illustration of how it feels when we lose control of our finances.

* A Pearson product-moment correlation coefficient was computed to assess the relationship between an individual's financial confidence/security and their mental wellbeing score. There was a correlation between the two variables, $r = 0.7812$, $n = 1000$, $p = < .00001$. Overall, there was a strong, positive correlation between financial confidence/security and mental wellbeing. Increases in financial confidence/security and were correlated with increases in mental wellbeing scores.

Stacey Lowman
Claro

Financial loss can have devastating impacts on our mental wellbeing, compounded by the feelings of shame and embarrassment that may arise when we think we've been 'bad' with money.

Sharing our experience with someone we trust, or speaking to a professional in confidence, can help us work through the emotional side of financial loss so we can capture the learnings objectively and move forward. Talking will also help all of us break down the taboos around financial loss.

It can be difficult to motivate ourselves to build financial resilience. It's all too easy to put off saving for emergencies until tomorrow. But we don't have to do it alone.

We can find shared accountability through community: by talking through the benefits of financial security, sharing progress updates and motivating each other to work towards financial security.

Laura Peters
Mental Health UK

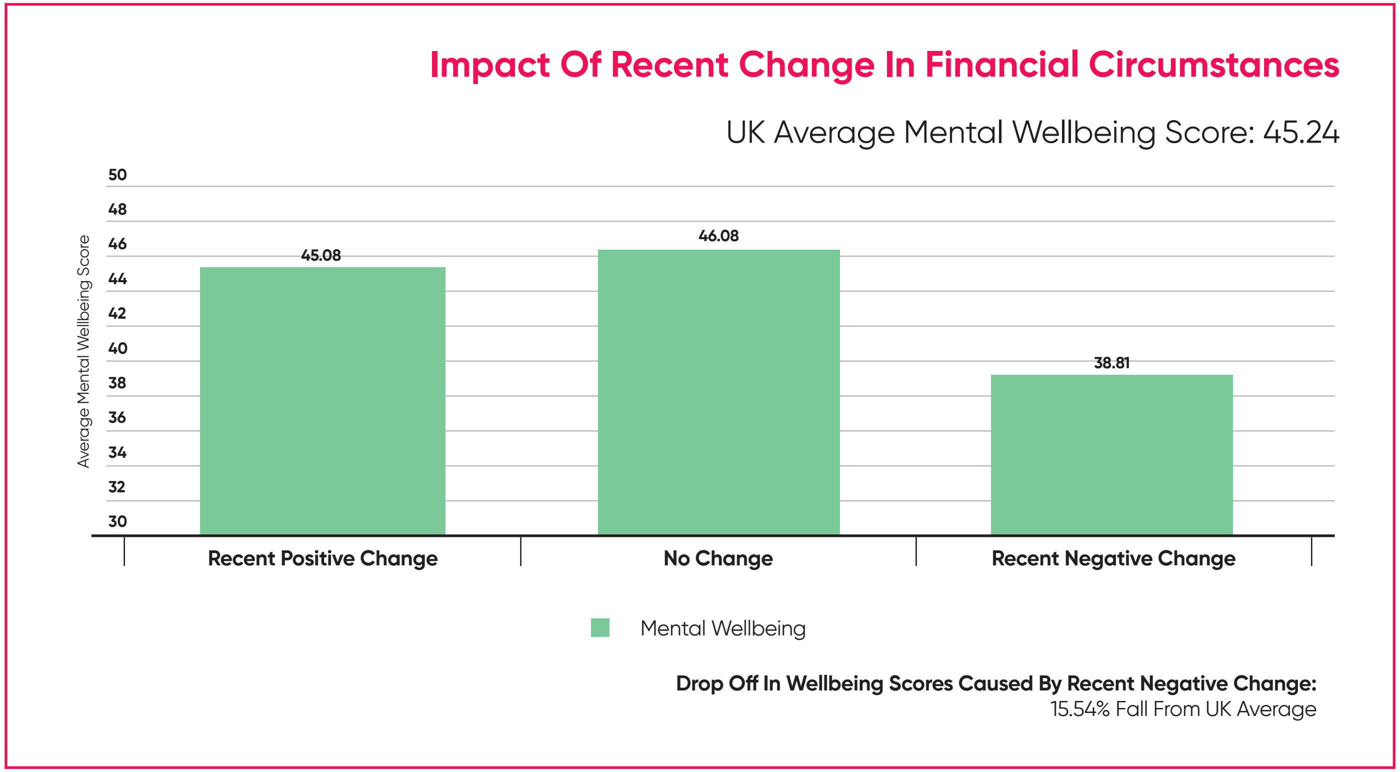
Many of our clients tell us that having money problems creates feelings of guilt, shame and embarrassment.

This makes it even harder to seek help for money problems.

We advise our clients to use techniques from cognitive behavioural therapy to boost their self-esteem, which makes the money problem easier to tackle.

> **"Sharing our experience with someone we trust, or speaking to a professional in confidence, can help us work through the emotional side of financial loss."**
>
> **Stacey Lowman**
> **Claro**

2. We Feel Financial Loss More Than Financial Gain



The research shows that we feel financial loss, much more than we appreciate financial gain.

Negative financial change (e.g. loss of income or unexpected increase in outgoings) causes a significant fall in mental wellbeing scores.

Another area of interest is the way in which changes to financial circumstances affect our mental wellbeing.

The research shows that we feel financial loss much more than we appreciate financial gain.

Negative financial change (e.g. loss of income or unexpected increase in outgoings) causes a significant fall in mental wellbeing scores.

People who had seen a negative financial change reported average mental wellbeing scores that were 15.5% lower than the national average.

However, a positive change (e.g. a pay rise) doesn't deliver an equivalent, immediate boost to our mood - with no significant change in wellbeing reported.

Other tactics we might use to boost mental wellbeing - e.g. exercise, socialising, engaging in a hobby - have the opposite effect.

With these activities, we see a clear positive uplift in average mental wellbeing - e.g. after starting to play more sport or taking up regular exercise.

Conversely, people reporting a recent negative change - e.g. a period of relative inactivity - showed only marginally lower than average wellbeing scores. So what does this mean for money and mental health?

Financial Confidence Is A Protection Not A Quick-Fix

Improving our financial confidence may not provide an uplifting quick-fix, but it does act as a protective wall that prevents our mental wellbeing from being eroded.

By developing good financial literacy and setting clear plans and goals, we give ourselves a longer term 'safety net' that can either limit our exposure to mental health issues or (if we do suffer with poor mental health) prevent financial worries further aggravating these problems and delaying a sustainable recovery.

This might explain why improving financial literacy and confidence is not as widely discussed as a tactic to protect mental wellbeing. Instead, we're often advised to get some exercise, meet up with friends or find a hobby.

However, this doesn't mean that financial factors are any less significant. In fact, when comparing financial confidence with these other lifestyle factors, we see a very similar relationship with how it relates to levels of mental wellbeing.

Rachel Harte
Claro

It is understandable that people initially prioritise certain activities which provide a more immediate improvement in their mental wellbeing such as exercise.

I am pleased that this survey has shown that improving your financial position can also provide you with this same improvement or protection for your mental wellbeing.

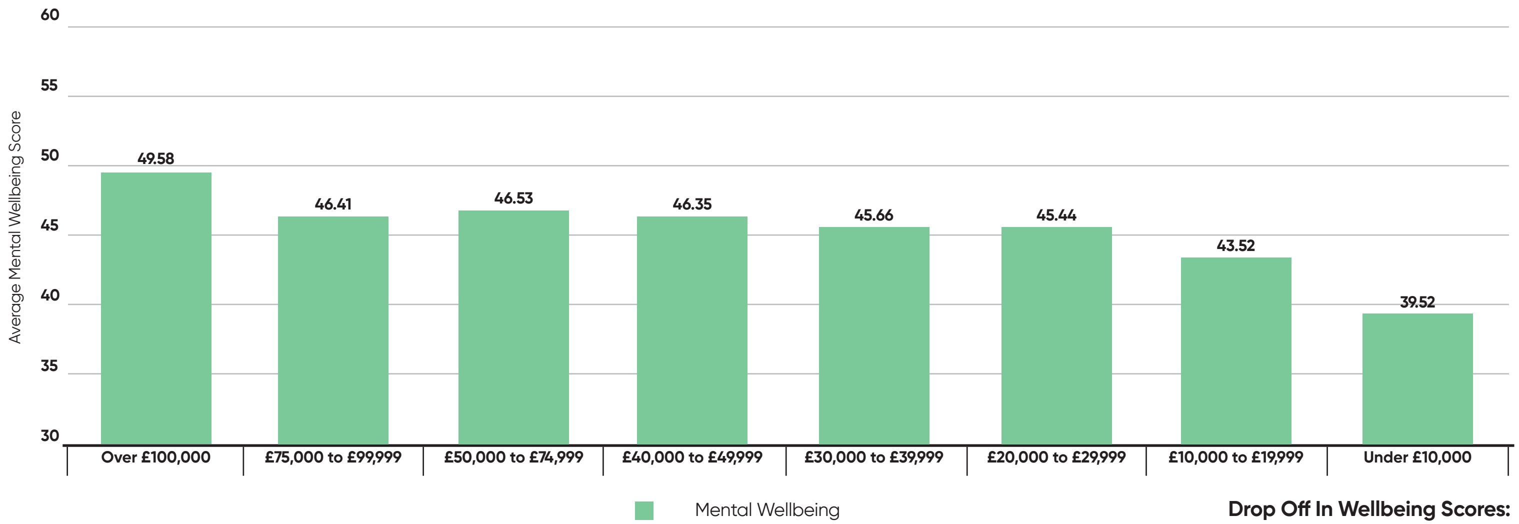
We encourage people to place more value on the peace of mind you can gain from being in control of your money and secure in your financial situation.

Often the activities that provide that immediate improvement can be done in a group setting and we try to help people feel comfortable discussing their finances in similar settings, whether that be with a professional, community, family or friends.

3. Those On Higher Incomes Are Not Immune To Money-Related Mental Health Problems

Household Income And Mental Wellbeing

UK Average Mental Wellbeing Score: 45.24



Drop Off In Wellbeing Scores:
20.3% fall from highest to lowest
12.22% fall from group one to seven
2.1% fall from group two to six

Financial confidence is not the same as having a good income – it is about feeling secure and in control of your finances. This is indicated by the stability of average mental wellbeing scores across a wide spread of household incomes.

Average mental wellbeing varies only marginally for those with incomes between £99,000 p.a. and £20,000 p.a. Only for those on the lowest incomes does the average score fall significantly below the national average (12.6% fall).

It is possible to have low financial confidence – and exposure to the associated impact on mental wellbeing – even on higher incomes. For example, more than 1 in 10 (12%) of those with a household income between £75,000 and £99,000 report having 'low' or 'low medium' levels of financial confidence.

Building financial confidence (and protecting mental wellbeing) is therefore not always a matter of earning more money. Instead, it's a matter of adopting better financial behaviours (as measured by financial literacy).

To support this conclusion, our research showed that average financial literacy scores drop 20.3% from those with the highest to lowest financial confidence.

Stacey Lowman
Claro

A high income doesn't protect us from financial worries. Earning a lot of money can often mask poor financial behaviours.

The money will continue to disappear if there's a hole in your pocket.

For others, they may feel that they can never earn enough. No matter how much their income increases, factors like lifestyle inflation seduce them onto the hamster wheel of always needing more.

> **"A high income doesn't protect us from financial worries. Earning a lot of money can often mask poor financial behaviours."**
>
> **Stacey Lowman**
> **Claro**

Rachel Harte
Claro

Simply because someone earns a high income does not mean they will automatically have a greater level of financial confidence or financial literacy.

As there is enough income coming into the household for all expenses it could lead to less emphasis being placed on managing their finances well.

For example, they may feel less inclined to make sure they are getting the best deal on certain purchases, they may keep less of an eye on ongoing payments

Similarly, they might pay for things they don't need or use anymore and may enjoy the lifestyle the high income allows and not wish to adjust this to save more for the future.

I would encourage more emphasis to be placed on having a longer term financial plan to ensure that they can maintain the lifestyle they enjoy throughout their life and that they have provisions in place in the event of their circumstances changing such as an emergency fund or personal protection.

Having a longer term financial plan will help to build financial confidence, awareness and knowledge.

4. The UK Is Lagging Behind Other Countries In Levels Of Financial Literacy, With Younger People Having The Lowest Scores

Data from the OECD shows that the UK lags behind many other member countries in terms of levels of financial literacy amongst its adult population*.

In the OECD's analysis, the UK ranked 15th out of 30 countries and average financial literacy scores were 12% lower than France (the highest scoring nation on the OECD's table).

This performance is supported by the findings of our research.

Using the OECD model, we tested participants on:

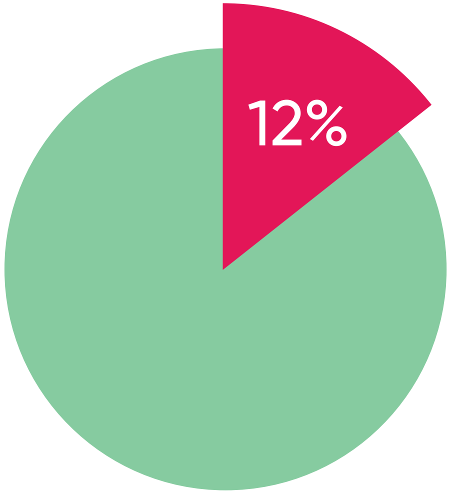
- Financial Knowledge: understanding the basic concepts of financial management.
- Financial Behaviour: evidence of good practices such as saving, long-term planning and exercising control over their finances.
- Financial Awareness and Attitude: maintaining a healthy attitude towards money and money management.

In our study, younger age groups especially appear to be lacking in financial literacy – for younger age groups (34 and below) the average financial literacy score is 16.5% below the UK average score.

In contrast, financial literacy scores jump for those aged 45 or more. People in the 65 or older category have the highest average scores (15.67 out of a possible 21 – compared to just 11.46 for those under 24 years old).

While life experience may be a factor, these results suggest a deeper underlying problem in a lack of education about finances and money management taking place in UK schools.

It seems that an entire generation of young people lack the basic skills that are so important for building a secure and sustainable financial future, exposing themselves to the mental health implications shown in our data.



The UK Ranked 15th Out Of 30 Countries And Average Financial Literacy Scores Were 12% Lower Than France

* Source: OECD/INFE International Survey OF Adult Financial Literacy Competencies

Michelle Highman
The Money Charity

The finding that young people have lower than average financial literacy underlines the need to deliver meaningful financial education for all UK learners in all types of schools.

Financial capability is one of the foundation skills for life, especially in an economy like the UK's which has many competing financial services and many kinds of debt that can entrap the unwary.

To cope with this complex environment, people of all ages need basic financial skills and the confidence to engage with and make the most of their money.

One way is for schools, universities, workplaces and more to provide this, is to work with charities such as ours to ensure it is provided to their students and employees.

Rachel Harte
Claro

It is important to improve and increase the financial education provided to children in schools. Because adults have varying levels of financial literacy - with some lacking the confidence to teach it - if parents are relied upon to educate their children it will lead to further inequality in knowledge levels.

Equally it is important that workplaces engage in improving financial literacy because whilst changes can be made in the education system, this survey shows there are many adults who need to improve their own financial literacy and changes to the education system won't meet this need.

Employers should be encouraged to include this in their employee wellbeing initiatives. Poor mental health costs employers due to staff absences and productivity and so investing in this serves both the employees' and employers' needs.

5. The Legacy Of Lockdown, Furlough And The Implications For Money-Related Mental Health Problems

By coincidence, our campaign's first steps to better understand the relationship between money and mental health are taking place during a global pandemic, with our survey having been conducted while many parts of the country were in lockdown or about to re-enter the highest level of restrictions.

We therefore wanted to understand the likely legacy of lockdown on future financial security and related mental wellbeing.

The picture that emerges is (perhaps) surprisingly positive - at least while the furlough scheme continues to help limit job losses.

More than two-thirds of UK adults (68%) reported no significant change in their overall financial security.

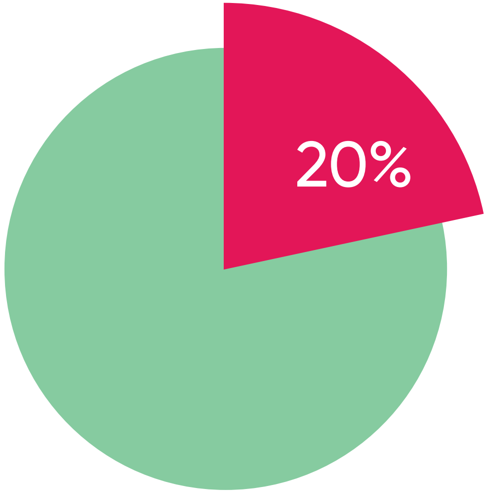
Only 12% reported that their finances had become significantly worse – i.e. through a large reduction in household income or increased outgoings.

Whereas 20% had used lockdown as an opportunity to improve their financial situation – i.e. by reducing unnecessary outgoings or creating a clear financial plan.

Despite the Chancellor's calls for us to spend the economy into recovery, our instincts appear to have been to save more.

While it may be the case that the government furlough scheme is so far mitigating the worst of the potential impact on personal finances, the indication that many people have used the shock of the pandemic to get their finances in order is welcome news indeed.

If one of the legacies of lockdown is a renewed sense of prudence and planning, then it could prevent many people from suffering any further mental distress than is already the case.



20% Had Used Lockdown As An Opportunity To Improve Their Financial Situation

> **"A high income doesn't protect us from financial worries.**
>
> **Earning a lot of money can often mask poor financial behaviours."**
>
> **Stacey Lowman**
> **Claro**

Those Groups Likely To Be Most Adversely Affected

However, what is also evident from our research is that it is those that are most vulnerable who are likely to be negatively affected by the impact of Covid-19.

In particular, those living on the lowest incomes (household income lower than £20,000 p.a.) and people living with a disability, are over-represented in those reporting significantly reduced financial security after Covid-19 took hold (18% are significantly worse off in both of these categories – compared to 12% of households on average).

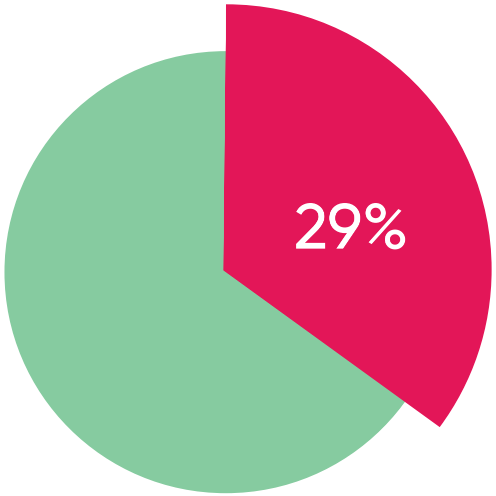
For many others, the true, lasting impact might be yet to be felt, with many living in a vulnerable financial state due to a lack of savings or financial cushion.

In the last 12 months, 29% of UK households reported finding that their income did not cover their outgoings.

Again, this was even more of an issue for certain groups. For example, 41% of 18 to 34 year olds, 38% of people living with a disability and 57% of people with a diagnosed mental illness.

The precariousness of many households' finances is also laid bare. 20% of UK households couldn't last more than a month if they lost their main source of income, without needing to borrow money or move house.

This figure rises to 33% of those under the age of 24, and 44% of those with a diagnosed mental illness.

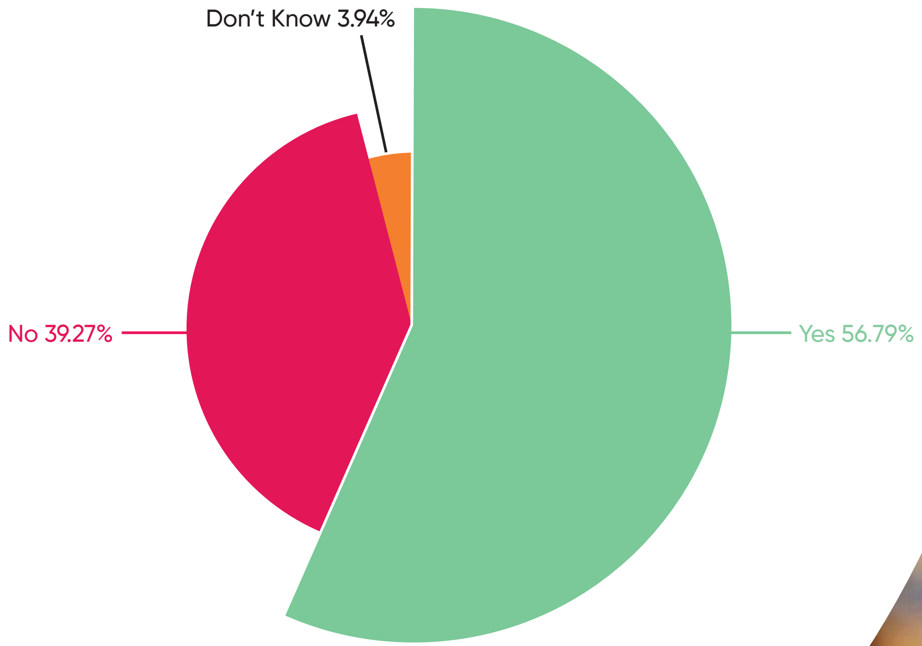


29% Of UK Households Reported Finding That Their Income Did Not Cover Their Outgoings

6. Ways To Maximise Your Financial Literacy (And Protect Your Mental Wellbeing)

Our research uncovered common mistakes in our nation's money management and reveals the most pressing changes we could make to increase our financial literacy and protect our mental wellbeing.

Do You Have A Household Budget?



Here Are 8 Steps To Avoid The UK's Most Common Financial-Planning Pitfalls:

1. Start A Budget

39% of UK households have no budget to track their incomings and outgoings.

This is the foundation of good financial planning, helping you to develop a proactive plan - whether that's to build a protective financial cushion or save / invest with a longer term goal in mind.

2. Shop Around When Selecting Financial Products

Fewer than half of UK adults compared options from different providers before choosing their most recent financial product.

Young adults were the worst offenders, with 74% failing to carry out proper due diligence of the products on the market.

3. Take A Longer Term View

Over a quarter of UK adults (28%) admit to living for the day and letting tomorrow take care of itself. In some areas of life this might seem an attractive prospect, but it's potentially disastrous when it comes to finances.

With only 34% of those aged between 25 and 34 years old holding a pension (either a workplace or private), this is a lesson it would pay to learn at a younger age.

4. Practice 'Delayed-Gratification'

Over a quarter (27%) of UK adults find it more satisfying to spend their money than have a long-term plan.

This rises to 38% for those under 24 years old, who are the least likely to hang onto cash for longer term gain, a finding that supports the calls for greater curbs on 'Buy Now Pay Later' products.

5. Give Yourself Financial Goals And Stick To Them

Only 1 in 5 of UK adults feel strongly about the importance of having a long-term financial goal.

However, planning ahead is the key to shaping your future life choices, whether that's buying the house of your dreams, early retirement or setting yourself up in business.

6. Start Saving

18% of UK adults admit to having saved no money in the last 12 months.

Using a budget to create a monthly surplus, no matter how modest, is key to gradually improving your financial security.

Stacey Lowman
Claro

We often don't think we have enough money to start saving. But no matter how little money we start with, it's important to put the saving behaviour in place as early as possible to create a habit that we can build on over time.

Even if we begin by saving £10 a month, or saving our spare change digitally, the amount will start to build and we may feel motivated to keep adding to it further as the months go by.

The antidote to poor financial wellbeing and low financial confidence is action. Small steps away from poor money habits and towards your financial goals. This can feel very scary, but thankfully, more and more of us are opening up to talking about money.

Our personal finances are personal, but we don't have to deal with them alone. Speaking to someone you trust may help you to see things from a new perspective, generate new ideas for building better money habits, and gives us all the opportunity to learn from each other.

7. Build A Financial Cushion:

1 in 5 UK adults would be in financial difficulty in less than a month if they lost their main source of income.

They would need to borrow money or move house to make ends meet. More than a third (39%) would last less than three months.

This level of exposure has been highlighted by the events of the last year, with continued financial uncertainty likely to be with us for some time to come.

8. Get To Grips With Some Basic Financial Concepts:

The majority of UK adults do not have a good understanding of concepts such as the impact of inflation on their savings or how compound interest works (52%).

Such gaps in our financial education can lead to us making poor decisions – for example, leaving money in 'dead' accounts that aren't earning a reasonable rate of return or underestimating the advantages of long-term savings and investments.

It also means that major changes to the financial landscape (e.g. negative interest rates) will need to be carefully explained to the majority of the population.

Rachel Harte
Claro

For many of these tips, technology can help provide a solution, for example:

1. Tracking progress - If your goal is to save a certain amount, use an app which shows you how close you are to the finish line - visualising your progress can help to boost motivation.

2. Community - if you join a like-minded financial community you can enjoy the tangible benefits from other people's successes. You will be part of a community with people who are in the same situation as you and also people ahead of you on their journey.

You can share ideas with these people and when they achieve their goal it can motivate you to keep working towards your own.

Equally it can help to build your confidence, as others in the community will be starting their journey after you and your experiences might motivate them.

3. Once you have control over your situation, embrace technology to automate your finances if you want to reduce the legwork!

However, not all of us know about the different strategies and tools available to us because we don't talk about it or know where to look.

Again, being part of a community or talking to a professional can help improve your knowledge to make managing your finances easier.

7. Closing Comments

Michelle Highman
The Money Charity

The key thing to understand is that financial problems can be solved. For people in debt, seeking advice on prioritising payments, negotiating with creditors and stopping debts growing further are essential first steps.

For everyone, setting financial goals and working steadily towards achieving them is key.

Understand the difference between needs and wants, establish a budget and begin a savings plan. Sustained small steps lead to a brighter financial future.

Laura Peters
Mental Health UK

Mental Health UK runs Mental Health and Money Advice, the first UK-wide service to combine support for both mental health and financial problems.

We have long been aware that mental health and money problems go hand-in-hand, with many people finding themselves in a vicious cycle of their money problems exacerbating their mental health problems and vice versa.

We hope this research will encourage people to understand, manage and improve their financial and mental health by learning about finances, and utilising tools such as our mental health and money toolkit to take control.

Conclusion

A Final Word:

It's clear that, as a nation, we need to change our relationship with money for the good of our mental health.

While you can't buy happiness, financial education and a healthy relationship with money can protect your wellbeing, whatever your income or goals in life. And yet, money management is an underrated skill within our society and the UK lags behind other countries in financial literacy.

Poor financial knowledge should be seen as a national health emergency – on a par with high obesity levels. Its prevalence is hidden and its impact less immediately apparent, but the toll it takes on people's daily lives is all too real.

Clearly, this needs to change, starting within education – teaching the basic money management skills that will last our young people into adulthood.

But what about those adults who are currently at risk of money-related mental health problems due to poor financial skills?

Claro and our partners in this report share a common belief – that it's never too late to learn.

Even at a very basic level, taking simple steps to develop financial confidence can put you on a healthier path.

With a little more time and support, you can take back control and set positive goals that shape the future quality of your life. While technology can help (and there is plenty of fintech innovation to make managing money easier), it is not the answer by itself.

These tools should be accompanied by coaching on financial literacy, laying a foundation of basic principles to guide behaviour and create healthier attitudes and habits.

This report marks the start of Claro's work to raise awareness of this issue and bring about meaningful change.

Please support us by taking our survey, or registering for updates on Claro.

Rob Brockington,
CEO Claro

Thank You

For media enquires or more information, please get in touch at: press@claro.team