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Recession, debt and mental health: challenges and solutions

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ABSTRACT

Background During the economic downturn, the link between recession and health has featured in many countries' media, political, and medical debate. This paper focuses on the previously neglected relationship between personal debt and mental health.

Aims Using the UK as a case study, this paper considers the public health challenges presented by debt to mental health. We then propose solutions identified in workshops held during the UK Government's Foresight Review of Mental Capital and Wellbeing.

Results Within their respective sectors, health professionals should receive basic 'debt first aid' training, whilst all UK financial sector codes of practice should – as a minimum – recognise the existence of customers with mental health prob-

lems. Further longitudinal research is also needed to 'unpack' the relationship between debt and mental health. Across sectors, a lack of co-ordinated activity across health, money advice, and creditor organisations remains a weakness. A renewed emphasis on co-ordinated 'debt care pathways' and better communication between local health and advice services is needed.

Discussion The relationship between debt and mental health presents a contemporary public health challenge. Solutions exist, but will require action and investment at a time of competition for funds.

Keywords: to come?

Introduction

During the economic downturn, the link between recession and health has featured in many countries' media, political and medical debate.¹ In the UK, this has included the health impact of unemployment,² rising fuel and food prices, the collapse of Northern Rock,³ and 'recession cuts' to health service funding.

Less attention, however, has been given to personal debt, and in particular its relationship with mental health. Using the UK as a case study, this paper considers the public health challenges presented by debt to mental health. We then propose solutions identified in workshops held during the UK Government's Foresight Review of Mental Capital and Wellbeing.⁴

The public health challenge

At the end of 2008, UK households owed over £1220 billion in mortgage debt and £230 billion in unsecured consumer credit.⁵ Compared to 2007, there had been a 70% increase in the number of households with mortgage arrears of three months or more.⁶ Meanwhile, the proportion of households reporting unsecured debt as a financial burden in 2008 was the highest since 1995.⁷ Furthermore, rising unemployment meant more households began to experience unanticipated changes in income or circumstance during 2008/2009. In such circumstances, households

often accrue debt by borrowing money to cope, or stopping bill payment altogether.

While the economic context is well known, the relationship between debt and mental health is more opaque. First, plausible evidence exists of a relationship between being in debt and having mental health problems (see Table 1). Robust and representative studies indicate that (a) people with debts are more likely to have common mental health problems; and (b) people with common mental health problems are more likely to have debts than the general population. However, there is less evidence explaining *how* debt might act as a pathway into poorer mental health, or *how* mental health problems

Table 1 Selected evidence on relationship between debt and mental health

Author (year) country	Findings	Sample
Housing debt		
Taylor, Pevalin and Todd (2007) UK ⁸	This well-designed study reported that housing arrears negatively impacted on mental health among men (if arrears occurred in the last year), and among women (if arrears were long term)	Study design: time series – 13 waves; 8185 (5651 male heads of households, 2534 female heads of households)
Brown <i>et al</i> (2005) UK ⁹	This well-designed study reports a statistically significant relationship between housing debt and mental well-being. However, the effect size (i.e. impact) is small	Study design: time-series – two waves, 2193 heads of households with data in both the 1995 and 2000 surveys
Consumer debt		
Brown <i>et al</i> (2004) UK ⁹	This well-designed study reports a statistically significant relationship between debt and mental well-being. However, the effect size (i.e. impact) is small	Study design: time series – two waves, 2193 heads of households with data in both the 1995 and 2000 surveys
Drentea (2000) USA ¹⁰	This study found that while having credit card debt did not affect anxiety levels, the amount of surrounding stress (debt stress) could be used to predict levels of anxiety	Study design: cross-sectional – 1037 respondents in Ohio (over-sampling in areas with more black residents)
Mixed debt		
Skapinakis <i>et al</i> (2006) UK ¹¹	This well-designed study found debt was significantly associated with major depression, but is limited by data only being collected at two points in time	Study design: time-series – two waves, general adult population (<i>n</i> = 2406)
Jenkins <i>et al</i> (2008) UK ¹²	People on low incomes are known to be more likely to have a mental disorder. This study, however, provides plausible evidence that debt and socio-demographic factors may actually strongly mediate the relationship between low income and mental disorder	Study design: cross-sectional – general adult population (<i>n</i> = 8580)

might lead to debt. This has made intervention design difficult (particularly across sectors), as well as leaving causality unresolved.

Secondly, people with debt and mental health problems can be 'patients', 'advice clients' and 'bank customers' at the same time. However, action to resolve individuals' problems has not been well co-ordinated. Addressing only the 'health' or 'debt' component may be ineffective. Alternatively, where both elements are addressed, but without agency co-ordination, the situation can worsen (for example, debt collection practices which aggravate depression, affect treatment adherence, and ultimately impact on an individual's ability to work and repay debt). These factors have not been well recognised in intervention or research programmes.

Thirdly, public health responses to debt and mental health have already encountered under-considered professional and legal barriers. These include organisational and staff resistance to taking joint responsibility for problems seen as 'someone else's business', and concerns about information sharing and security.

Foresight workshop

In response to these challenges, a workshop was organised under the Government's Foresight Review of Mental Capital and Wellbeing. Attended by representatives from health and social care, money advice, creditor and government sectors, this posed three questions:

- 1 *within sectors*, how should people experiencing debt and mental health problems be supported?
- 2 *across sectors*, how could activity be co-ordinated?
- 3 what changes to *government policy and practice* are needed?

Action *within* sectors

Health and social care

The Psychiatric Morbidity Survey for 2000 indicates one in 11 British adults is in debt (being 'seriously behind' with at least one bill or commitment). Further, one in two British adults in such debt has a mental disorder, and one British adult in four with a mental disorder also reports debt.¹² The workshop therefore made three recommendations. Firstly, all health and social care professionals should ask patients about financial difficulties in routine assessments. Secondly, where debt is reported, primary care professionals should routinely assess for depression and other common mental disorders. Thirdly,

these actions depend upon health and social care professionals having the time, knowledge and confidence to ask about patient finance. The workshop therefore contended that professionals should receive basic 'debt first aid' training: knowing how to talk with patients about debt; knowing how to refer to, *and support*, debt counsellors, but without being expected to become 'debt experts' themselves.

Following the workshop, the Royal College of Psychiatrists and Rethink, with support from the Financial Services Authority, have produced a guide for health and social care professionals on debt and mental health, including working with money advice services.¹³ However, questions remain about the number of patients likely to independently take up debt referral if 'prescribed', and closer integration of primary care and debt counselling should be explored.

Financial services

One British adult in six has a mental health problem, of whom a quarter also have debts.¹² However, these adults are not only people with mental health problems: they are customers and consumers who purchase goods and services, enter into contracts and borrow money. Despite this, most banks and financial institutions' awareness of the 'customer's relationship' with debt and mental health could be improved.

The workshop recommended that all UK financial sector codes of practice should – as a minimum – recognise the existence of customers with mental health problems. It was further proposed that all codes should define 'best practice' in working with such customers. A review, however, found that one of the three main industry codes – the Banking Code¹⁴ – did not meet this minimum standard. Two codes suggested staff demonstrate sensitivity and care when a customer discloses a mental health problem.¹⁵ Only one code referred to 'best practice' standards,¹⁶ directing creditors to – in our knowledge – the only published guidelines on how creditors, money advisors, and health professionals should work together in cases of debt and mental health.¹⁷

Secondly, codes alone are not enough. Workshop examples were given of weak practice, including communication between creditors and customers with arrears (described by some members as 'almost being perfectly designed to produce fear, anxiety and mental stress'). All creditors should therefore have their activity independently monitored and compared with best practice. Whether this falls to the Financial Services Authority, a governmental department, or a mental health body, requires consideration.

Thirdly, it was accepted that creditors cannot take a customer's mental health problems into full account, if they are unaware of them. Self-registration systems are often proposed as a solution (individuals registering on a database accessible to creditors). However, the workshop felt many customers were unlikely to disclose mental health problems voluntarily to a commercial organisation. Mind's survey of 1000 people with debt and mental health problems found fewer than one-third had disclosed health information to a creditor.¹⁸ Reasons given included: an expectation of information not being understood/being believed/making a difference; concerns about how information would be used; and worries about future access to credit. The workshop recommended that creditors might improve customer disclosure by: (i) explicitly explaining how health information could improve creditor decision making; (ii) giving health information a limited 'shelf-life', after which it would automatically be updated/deleted (important given the fluctuating nature of mental health problems); (iii) placing health information in confidential 'electronic envelopes' only accessible to designated staff.

Research

Further longitudinal research is needed to 'unpack' the relationship between debt and mental health. An analysis of mental capacity legislation, and its overlap with equalities and discrimination law, is also required. UK mental capacity laws cover the contracting of goods and services. Legislation requires financial staff to assume customers have the mental capacity to apply for credit, but contracts should not proceed where staff believe otherwise. However, no guidance exists on how financial staff should make capacity assessments. Secondly, there is potential overlap between mental capacity law and discrimination legislation. If creditors don't make reasonable adjustments allowing individuals with mental disabilities to understand a transaction or make an informed decision, this may contravene discrimination law.¹⁹ Again, no practice code for financial staff exists. Without such guidance, customers with debt and impaired mental capacity may not get the support required under law.

Action across sectors

Common frameworks

A lack of co-ordinated activity across the health, money advice, and creditor sector is a significant weakness. The workshop observed that the Money Advice Liaison Group (MALG) guidelines currently

provide the only published strategy to address this, and should be incorporated into creditor codes of practice.¹⁷ However, the MALG guidelines have a limited profile among health and social care organisations, and provide comparatively less guidance on their practice. Work is needed to involve the health and social care sector in developing content, including the perspective of service user organisations.

Co-ordinated pathways

A renewed emphasis on co-ordinated 'debt care pathways' between local health and advice services was a key recommendation. Health and advice services already work together well in some areas. However, nationally, this is not the norm. The workshop contended that a regulated programme that fostered and maintained links between services, would help individuals receive co-ordinated and complementary support, *regardless* of their entry point. These pathways would also recognise that different mental disorders may require different forms of response (e.g. individuals with advanced dementia compared to those with episodic depression).

Since the workshop, the government has given an extra £13m to extend the provision of psychological therapies in England and counter 'credit crunch stress', and has encouraged primary care trusts to use £80m from reduced VAT rate savings 'to commission complementary services – including debt advice'. The question is, how likely is such voluntary investment? Already under significant pressure to make savings following revised public spending budgets, NHS 'recession cuts' to core mental health services are widely predicted. Meanwhile, although the Financial Services Authority and HM Treasury are piloting a £12m 'blue print' for a national money advice service available to all, it is not clear whether this will involve developing relationships between health and advice.

Shared information

The workshop reported that organisations recovering debt often gave inadequate consideration to information disclosed by customers about their mental health. This frequently resulted in inappropriate or mentally distressing action. Further, where customers consented to creditors requesting information from health professionals, the workshop identified difficulties in communication: (i) variability in the type and amount of evidence requested; (ii) ambiguous instructions or unrealistic expectations concerning what information professionals should provide; (iii) delays, refusals, or payment requests from professionals to provide evidence; and (iv) poor quality and irrelevant information for decision making being

returned. A standardised clinical information form has been developed – the Debt and Mental Health Evidence Form – to help health professionals provide clear and relevant information in such situations (with patients' consent).²⁰ However, this form walks a tight-rope in its aim of providing a minimum of relevant personal information to inform creditor action (and potentially benefit individuals' health and financial circumstances), while protecting the majority of personal information from being unnecessarily shared across the health and commercial sectors.

Consumer interventions

The workshop observed that UK public education and financial capability programmes did not consider mental health and debt. Similarly, few programmes focused on populations with mental health problems who are at risk of developing financial difficulties. The workshop recommended two actions: firstly, filling these gaps, especially for student populations (who are often exposed to debt, as well as mental health risk), and secondly, that online debt advice could help (anonymously) identify users who are at risk of both debt *and* mental health problems. Following the workshop, the Consumer Credit Counselling Service is developing an online Depression Remedy for clients in debt. Based on its online counselling service, this incorporates identifier questions for all clients, which will guide them to the next best step, if depressed: written advice, free online cognitive behavioural therapy or medical intervention.

Government policy

Following the workshop, opportunities have emerged to improve financial service practice. First, the Department for Business Enterprise and Regulatory Reform has announced a White Paper on consumer credit. Secondly, the Office of Fair Trading is developing guidelines on responsible lending. Both have indicated willingness to consult on customers with mental health problems. This will require many mental health organisations to engage with policy outside their traditional portfolio. It may be more effective undertaken with money advice organisations.

Conclusion

Longitudinal research is needed to understand better the link between debt and mental illness. However,

the strength of the relationship and its public health implications are clear. There are opportunities for government, financial organisations, money advice teams and primary care/specialist mental health teams to tackle the issue, but this will need investment at a time when many are predicting 'recession' cuts.

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CONFLICTS OF INTEREST

Malcolm Hurlston is a member of the Treasury Retail Financial Services Forum and chairs several debt charities. Rachel Jenkins led research on links between debt and mental health and led the mental health aspects of the recent Foresight Review on

Mental Capital and Wellbeing (www.Foresight.gov.uk). Both jointly chaired the workshop. Chris Fitch led research and educational projects funded by the Money Advice Trust, Finance and Leasing Association, Friends Provident Foundation and Financial Services Authority. He was a member of the 2006/2007 Money Advice and Liaison Group national working party on debt and mental health.

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