



In too deep

An investigation into
debt and relationships

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and David Marjoribanks

relate
the relationship people

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Manjit Wolstenholme

Executive Chairman, Provident Financial Group

I am pleased to share this insightful research from Relate which brings new understanding of how individuals experience both relationship and financial difficulties.

This is the latest research supported by Provident Financial which investigates financial decision making by those on moderate and lower incomes. It forms part of our ongoing commitment to improve and share knowledge of the factors that contribute to decision-making among our current and potential customers. Whilst this research sheds light on the challenges which our customers may encounter, the research also finds that financial and relationship difficulties can potentially impact all financial services customers.

The research comes to clear conclusions about the value of a joined-up approach to money and debt advice, suggesting that access to both debt and relationship support has the potential to deliver more sustainable solutions for families in difficulty.

As a result of this report and its findings, I have been pleased to hear that Relate have become better connected with Provident Financial's money advice partners. We hope to further utilise these new connections by providing support for training to increase money advisers' awareness of these issues and improve their capacity to assist clients who are facing both relationship and financial difficulties.

Our task now is to use the insights provided by this report to enhance the skill set of our own customer-facing staff within Provident Financial's businesses, whilst sharing the findings and recommendations more widely.

We note with regret the sudden and untimely passing of Manjit Wolstenholme on 23 November 2017, following the completion of this report

– Chris Sherwood, CEO, Relate

Chris Sherwood

Chief Executive, Relate

Relate is the UK's leading relationships charity. With almost 80 years' experience of providing counselling and support to individuals, couples and families, we know first-hand how debt, money worries and other financial issues can cause major conflict in relationships and can heap pressure on people when they are least able to cope with it.

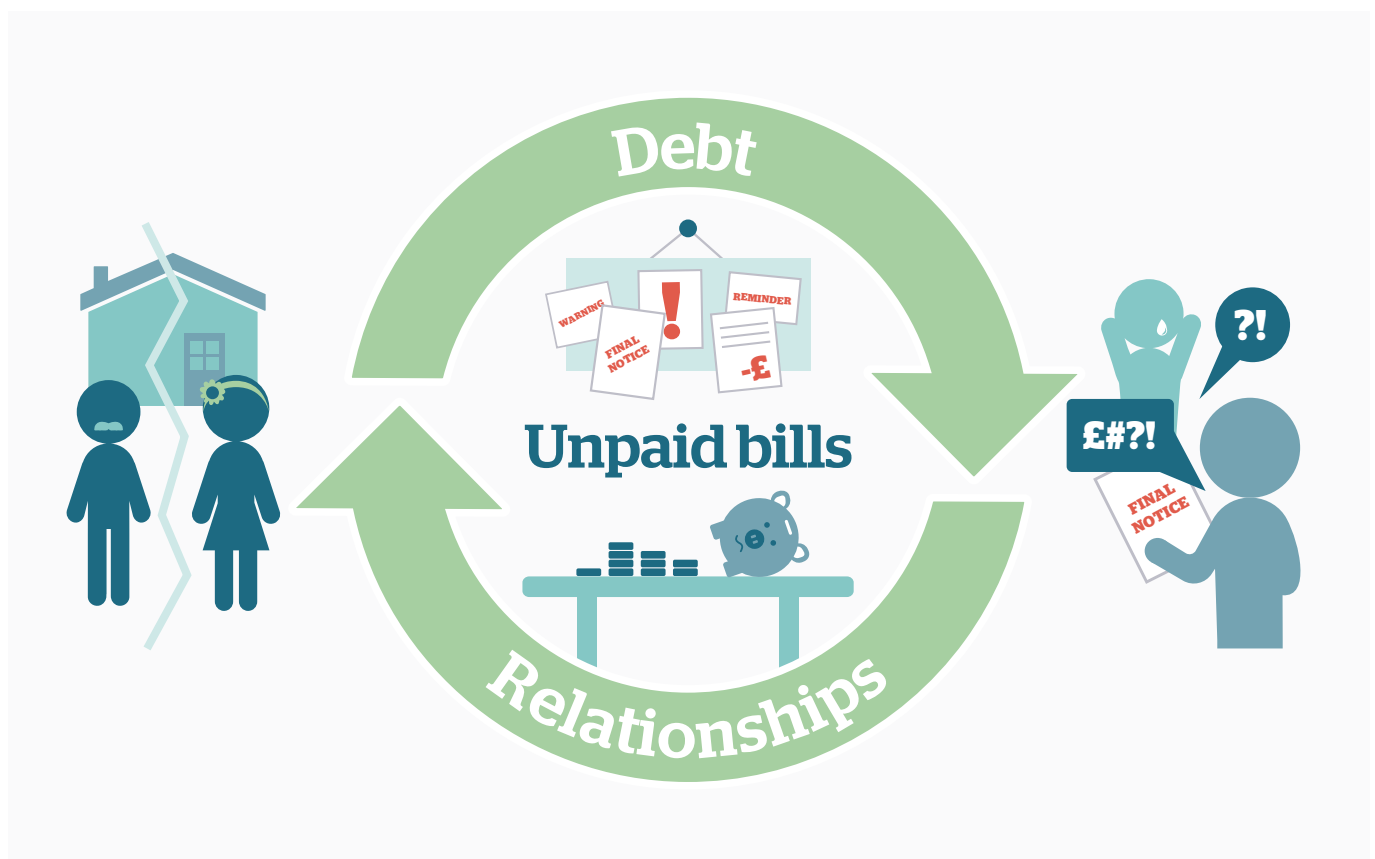
We also know that good quality relationships are vital to adults' and children's wellbeing and crucial foundations of children's long-term life chances. Given this fundamental importance of relationships, we are calling for improved recognition of the impacts debt problems have on families – particularly as levels of household debt continue to rise – and for the links between finances and family to be responded to holistically.

This report – the first of its kind – investigates both how debt problems can undermine relationships, causing conflict, mistrust and relationship breakdown; and how relationships can contribute to debt problems and affect how people manage their finances. Gathering evidence through national data analysis and from the frontline of debt advice and relationship support providers and their clients, it clearly finds a two-way link between debt and relationships. Debt problems can be both a cause and consequence of relationship issues. Financial capability has a fundamental relational dimension, just as much as finances are a significant and determining part of the context of our relationships.

The report points to the need for a more joined-up response to debt and relationship problems – and finds strong support among the relationship support and debt advice sectors for this. We hope that decision makers will therefore respond to this evidence on the links between debt and relationships and take action to develop more collaborative and coordinated ways of supporting people experiencing the impacts of debt problems on their relationships or vice versa.

Summary

This research explores the links between debt and relationships. Our findings paint a picture of a relentless cycle, whereby debt can have a profoundly negative impact on relationship quality and stability and, equally, negative relationship dynamics can actively worsen and create debt problems.



We examine, on one hand, the considerable negative impacts that debt problems can have on family relationships. Struggling with problem debt can lead to relationship distress, increased conflict, decreased positive communication, partners blaming each other and increasing mistrust, and – as a result – relationship breakdown. Poverty and strains on family finances can seriously undermine relationship quality and stability, and relationships become vulnerable as arrears mount up. We find, for example:

- One in four people who have been in debt say debt has a negative impact on their couple relationship;
- One in ten people argue with their partner about money, debt or finances at least once a fortnight; and
- One in ten (10%) people have experienced a relationship breakdown due (at least in part) to debt.

“The effects on the relationship caused by the debt can actually hinder dealing with the debt if they can’t agree on how they’re going to approach [it]. It’s a circle almost.”

CAB adviser

On the flipside, we explore the contribution of relationships to debt and the ways in which relationship dynamics can affect couple and family finances. Our evidence shows that relationships can have powerful impacts on experiences of debt: the income shock of relationship breakdown can be a significant reason why people accrue debt; abusive relationships can similarly result in debt issues; and family relationship dynamics

(even simply living together as a family) can have notable financial implications. We find, for example:

- One in seven (14%) adults have hidden debt from a partner - and half of these are still hiding it;
- Almost half of debt advice clients have hidden debt from a partner;
- 93% of debt advisers believe personal and family relationships are important to clients' ability to manage debt;
- A third of debt advisers perceived large/very large demand among clients for relationship support; and
- Almost one in three (32%) people with a partner say support to talk to them about debt and finances would benefit them.

We also find strong evidence that relationships are very important for people's ability to manage debt and money within relationships. In particular, our research indicates the importance of open communication and a shared approach over finances within relationships. When people hide their debt from their partner or family, this can be particularly problematic for both the relationship and for their ability to deal with the debt. We also see that relationship dynamics can contribute significantly to families' financial management: couples who make decisions together experience fewer financial problems. Additionally, the different emotional meanings, values and expectations attached to debt and money that people have can be central factors underlying conflicts within relationships over money.

All of this demonstrates the relational and intergenerational context of financial capability, as well as the financial context of relationships. Stability or instability in one area can have spillover effects in the other. People's relationships cannot be separated from the financial circumstances of the individuals within them; individuals' ability to manage money and deal with debt often cannot be separated from family and partner relationships around them. Each can affect the other.

To address debt and financial capability on one hand or relationship distress on the other is to see only one side of the coin. The implication of these findings for policy and support services' practice are clear: recognising the interdependencies between debt and relationships is necessary to provide the most effective support for families. Efforts to improve financial capability without addressing the fundamental relational context in which this is located may prove limited; likewise, attempts to improve relationship quality without acknowledging the significance of people's financial situations may also have limited results.

Increasing collaboration between relationship support and debt advice may deliver significant benefits. Many families trapped in problem debt experience profound pressures on their relationships and, alongside the more practical support of debt advice, may benefit from emotional and therapeutic support to strengthen their relationships. Enhancing families' communication, positive problem solving, and conflict management skills in conjunction with providing debt advice to families in problem debt may increase both financial capability and relationship quality.

We identify high levels of currently unmet need and demand among people in debt for more support with relationships, to talk to families/partners about debt and finances, and to support relationships put under pressure by debt problems. We also find strong support among practitioners in the relationship support and debt advice sectors for greater collaboration to provide more joined-up and holistic support for families experiencing problem debt and relationship difficulties. The practitioner will be there; policy must build on this to foster collaboration and develop more joined-up responses to supporting families with their finances and relationships.

In light of these findings, we make recommendations as to how policy and practice around debt advice and relationship support should respond, including:

- Relationship support and debt advice providers explore ways of working together;
- Government funding free relationship support for low-income, indebted clients;
- Workforce training for debt advisers and relationship support practitioners on the links between finances and relationships and how to respond; and
- An Innovation Fund to test ways of working collaboratively.

1. Context

1 in 6 (16%) of GB adults
(8.3 million people) are over-indebtedⁱ



Debt

With household debt rising again to the level seen just before the 2008 financial crash and subsequent Great Recession, the issue of problem debt is rising steadily up the political agenda. UK consumer credit has been growing rapidly – faster than household incomes – and grew by more than 10% over the year to April 2017, its fastest growth rate since 2005.¹

The total level of personal debt in the UK stands at £1.5 trillion², and consumer credit reached £204 billion in September 2017 – mostly consisting of credit card debts, personal loans, and car finance.³

This continued explosion of UK household credit is taking place against a background in which many households have felt the pinch. 2015/16 saw record levels of poverty in working families, with more than four million children classified as in relative income poverty (below 60% of median income) – the highest since the 2008 crash,⁴ and 4.6 million people experienced persistent poverty.⁵ Four million children were classed as in relative income poverty in 2015/16, and two-thirds (67%) were in families where at least one parent was working.⁶ Similarly, inflation rising at a time of stagnating wage growth⁷ will put additional pressure on family finances.⁸ In this context, it is important that problem debt and its effects on family life are investigated.

The latest data indicate that 16% of UK adults – 8.3m people – have problem debt (defined as those who find meeting monthly bills a ‘heavy burden’ and/or have missed more than two bill payments within a six-month period).⁹ Around 660,000 children in Great Britain (six per cent of all children) were living in households in persistent problem debtⁱⁱ between 2011/12 and 2013/14,¹⁰ and 17% of children were living in households where at least one adult considered their debt a heavy burden.¹¹

Problem debt has increasingly been an object of government focus, with the Coalition Government’s Child Poverty Strategy highlighting how unmanageable debt can drive a cycle of poverty and distress and put pressures on parents and relationships¹² and the Social Justice Strategy identifying problem debt as one of the major issues to be addressed to support people facing multiple disadvantages.¹³ The Government took action to regulate the consumer credit market, introduced an interest cap on payday loans, established the Money Advice Service, and introduced initiatives to support credit union expansion.¹⁴ More recently, the Government has committed to implementing their manifesto promise to introduce a breathing space scheme to allow people in problem debt to apply for legal protection from further interest, charges and enforcement action for up to six weeks.¹⁵

Relationships

Meanwhile, family relationships have also risen up the policy agenda, in recognition of the vital role they play in determining adults’ health and wellbeing and children’s life chances. The recent review of evidence by the Early Intervention Foundation and University of Sussex found the quality of the inter-parental relationship is a ‘primary influence’ on children’s outcomes, and parents who engage in frequent, intense, and poorly resolved inter-parental conflict put children’s mental health and long-term life chances at risk, with negative effects seen across infancy, childhood, adolescence, and adulthood.¹⁶ Conflict between parents is also associated with parents being less emotionally available to their children¹⁷, more hostile towards them,¹⁸ and can result in impaired parent-child relationships. In turn, this can affect children’s and adolescents’ wellbeing and development,¹⁹ leading

i Nationally representative polling through YouGov (4,726 GB adults). Defined as people who say they find keeping up with bills and credit commitments a heavy burden and/or who have fallen behind or missed payments in at least three of the last six months

ii Defined as EITHER at least one adult reporting falling behind with bills or credit commitments and household debt repayments represent at least 25% of the household’s net monthly income OR at least one adult reporting falling behind with bills or credit commitments AND at least one adult is currently in two or more months consecutive arrears on bills or credit commitments, OR at least one adult considers debt a heavy burden AND household debt represents at least 20 per cent of the household’s net annual income

to increased anxiety, withdrawal and depression, and behavioural problems including aggression, hostility, antisocial behaviour and criminality.²⁰

Equally, relationship distress is damaging for adults themselves. People in distressed relationships are three times as likely to suffer from mood disorders (e.g. depression), and two-and-a-half times as likely to suffer from anxiety disorders, as people who do not experience such relationship distress.²¹ Other studies point to links between relationship distress and general poor health, including specific conditions such as coronary heart disease and raised blood pressure,²² and increased risky health behaviours, such as alcohol misuse,²³ smoking and substance abuse.²⁴

In light of this evidence, previous governments have, for example, invested £30m in relationship support over 2011-15,²⁵ introduced a 'Family Test' requiring all new policies across Whitehall,²⁶ and in April 2017, the Government announced a new £30m programme of inter-parental relationship support to reduce conflict through evidence-based interventions.²⁷ Within the Troubled Families Programme, there is also now a new focus on inter-parental relationships.

This research

So far, however, family relationships and debt have not been joined up in policy or in practice. Little previous research, in the UK in particular, has investigated links between family relationships and debt and finances, while efforts to coordinate practice in the debt advice and relationship support sectors are in their infancy.

This research addresses this gap.

In this report, we investigate the links between finances – and debt problems in particular – and relationships. We examine the impacts that struggling with debt has on relationships, how it undermines relationship quality and stability, increases strain, and increases the risk of relationship breakdown.

We also explore the ways in which relationship dynamics can affect debt. In particular, we look at how relationships feature in the causes of debt; how communication within relationships can affect the ways finances are managed; and how different emotional meanings, values and expectations surrounding money can play out in relationship conflicts.

We draw out the implications of these findings and make recommendations as to how policy and practice can respond, to enable better support for couples and families caught in the centre of damaging debt and relationship issues.

2. Methodology

The aim of this study was to provide new evidence on the links between debt and relationships in Britain. It explores the views of debt advice clients and relationship support users, as well as debt advice and relationship support practitioners, to examine how the issues present on either side of support.

For the purposes of this study, by 'debt' we mean owing money on things like a credit card, store card, overdraft, car finance, hire purchase agreement, loan, bill/rent arrears, etc. and we exclude mortgage debt and student loans. 'Problem debt' is defined as finding meeting financial commitments a heavy burden and/or missing payments for three out of the last six months.

The research followed a multi-method approach across several strands, including:

- **An in-depth review of published evidence, including both academic and sector literature**
- **Secondary quantitative analysis of data from Understanding Society longitudinal survey** to investigate associations between debt and couple relationship distress and likelihood of relationship breakdown.
- **Survey of debt advice clients**
(via StepChange Debt Charity)
Sample: 677
- **Survey of debt advisers**
(via Money Advice Trust's WiserAdviser system, Citizens Advice's newsletter, and Advice UK's newsletter)
Sample: 360
- **Survey of relationship support users**
(via Relate website)
Sample: 2,528
- **Survey of Relate counsellors**
Sample: 178
- **Semi-structured focus groups with Citizens Advice and Christians Against Poverty debt advisers**
- **Semi-structured focus groups with Relate counsellors**
- **Nationally representative polling administered through YouGov omnibus survey**
Sample: 4,726 GB adults

Any inaccuracies in the reporting of the data are the sole responsibility of Relate.

The project also sought advice and input from an external advisory group made up of experts from the debt advice and relationship support sectors.

3. How debt problems affect relationships

Key findings: How debt problems affect relationships

- Debt problems can put considerable pressure on couple and family relationships, leading to increased stress, conflict, decreased positive communication, blame, guilt and resentment, mistrust, and relationship distress – often resulting in relationship breakdown
- One in four people who have been in debt say debt had a negative impact on their couple relationship
- More than a third of StepChange’s debt advice clients and Relate service users (37% and 36%) reported debt had a ‘considerable’ impact on their relationship with their partner
- Almost one in three (31%) Relate users say debt contributed to the breakdown of their relationship
- One in ten people argue with their partner about debt or finances at least once a fortnight
- One in ten (10%) people have experienced a relationship breakdown due (at least in part) to debt
- Almost one in five (19%) debt advice clients say debt has a ‘considerable’ impact on their relationships with their children

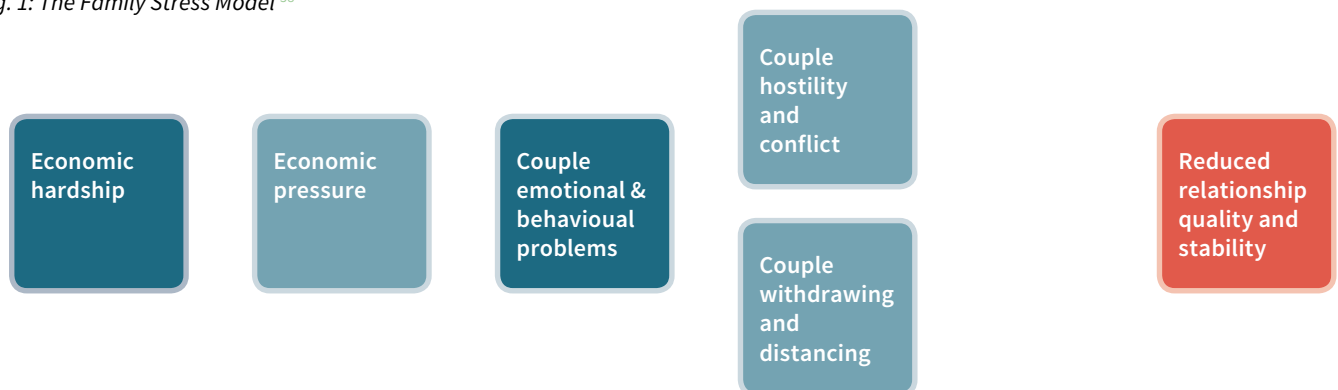
3.1. Relationship quality

What do we know already?

Previous research (mostly from the United States) shows finances are the most common source of conflict in relationships.²⁸ Financial hardship is a key factor leading to relationship problems,²⁹ predicting lower relationship satisfaction and quality,³⁰ higher psychological distress,³¹ and increased risk of relationship breakdown.³² Studies have also found conflicts over finances are more problematic than other sources of relationship conflict,³³ and tend to be more pervasive and intense; less easily resolved; and more enduring and recurrent.³⁴ Financial strain can also affect couples’ feelings of validation, power, freedom, respect, happiness, and security within their relationship.³⁵

The dominant explanatory theoretical model for how finances affect relationships is the Family Stress Model, developed over a number of studies in the US.³⁶ In this model, economic problems predict feelings of economic pressure (a state of distress brought about by worrying about finances), which then increases partners’ emotional distress. Emotional distress then predicts deterioration in the quality of interactions between partners, increasing conflict and decreasing positive communication. Reduced relationship quality then increases the risk of relationship breakdown.³⁷

Fig. 1: The Family Stress Model³⁸



The impact of debt on relationships

One of the studies developing this model also found consumer debt specifically predicted emotional distress over finances, which then decreased relationship quality.³⁹ Other studies have also found debt to be associated with decreased relationship satisfaction⁴⁰ and increased conflict.⁴¹ Type of debt matters: acquiring a mortgage, for example, is associated with improved relationship quality.⁴² Consumer debt, however, is associated with reduced relationship quality and higher tension⁴³ – credit card debt and car loan debt in particular are most strongly correlated with lower relationship satisfaction⁴⁴ – and researchers have suggested this particularly negative impact of consumer debt may be due to higher interest rates and shorter loan periods than other debts.⁴⁵ These studies are all from the US, however, and much of the evidence derives from samples of newly-married couples, so the findings may not be generalisable to others.

Some evidence from UK debt advice services, however, does point to damaging impacts of debt problems on relationships. StepChange Debt Charity clients data show 24% of clients said having unmanageable debt led to their relationships getting weaker,⁴⁶ while 74% of Christians Against Poverty clients in a relationship said debt caused arguments with their partner.⁴⁷ Similarly, previous surveys have found people in arrears report money to be a constant source of friction,⁴⁸ families in problem debt are more than twice as likely to argue about money problems;⁴⁹ and high-cost credit customers report tensions and arguments with partners as a result of borrowing.⁵⁰ A study of debt advice agency clients found 45% stated debt problems had a negative effect on their couple relationships, and interviewees reported debts contributing to arguments and tensions, and resulting in the relationship being ‘messed up’,⁵¹ while another qualitative study likewise showed how stress and anxiety caused by problem debt contributed to arguments between partners.⁵²

1 in **4** (25%)



who have been in debt say **debt had a negative impact on their relationship with their partner; 1 in 10 say it was very negative**ⁱⁱⁱ

ⁱⁱⁱ Nationally representative polling (4,726 GB adults);

^{iv} Respondents answered on a scale of 1-5, where 1 indicated no impact, and 5 indicated a considerable impact

^v Base: 2,516

^{vi} On a scale of ‘very negative’, ‘fairly negative’, ‘not very negative’, or ‘not at all negative’

^{vii} Base: 708

^{viii} StepChange debt charity client survey for Relate

^{ix} Relate website user survey (sample: 2,528)

Our findings

Our data from surveys show the significant negative impacts of debt on relationships:

- More than a third of both StepChange Debt Charity clients and Relate service users (37% and 36%) reported debt had a ‘considerable’ impact on their relationship with their partner;^{iv}
- A quarter (25%) of British adults who have been in debt^v say debt had a negative impact on their relationships with partner, and one in ten said it was ‘very’ negative;^{vi} and
- Almost four in ten (38%) British adults in problem debt said it had a negative impact on their couple relationship.^{vii}

Over a third

of both debt advice clients^{viii} and Relate service users^{ix} said



debt has a ‘considerable’ impact on their relationship with their partner

StepChange Debt Charity clients and Relate’s users also described how debt problems had put pressure on their relationships in varying ways – including increased stress, conflict, mistrust, attributions of blame, and resentment.

“The stress of debt and cause of debt put immense pressure on my relationship. The stress contributed to the breakdown of the relationship”

– StepChange Debt Charity client

“There is constant stress between me and my wife. It feels like we are constantly down each other’s throats and depressed that we can’t do much as a family.”

– StepChange Debt Charity client

“It has become a living nightmare. The shame and guilt has become a part of daily life, fear of spending money has become a constant worry, arguments are regular at present, it is just not a good life at the moment.”

- StepChange Debt Charity client

“Reduced time for each other since working harder to pay off the debt. Created friction in our relationship, and a sense that both being ‘judged’ by the other one for how we spent money.”

- Relate service user

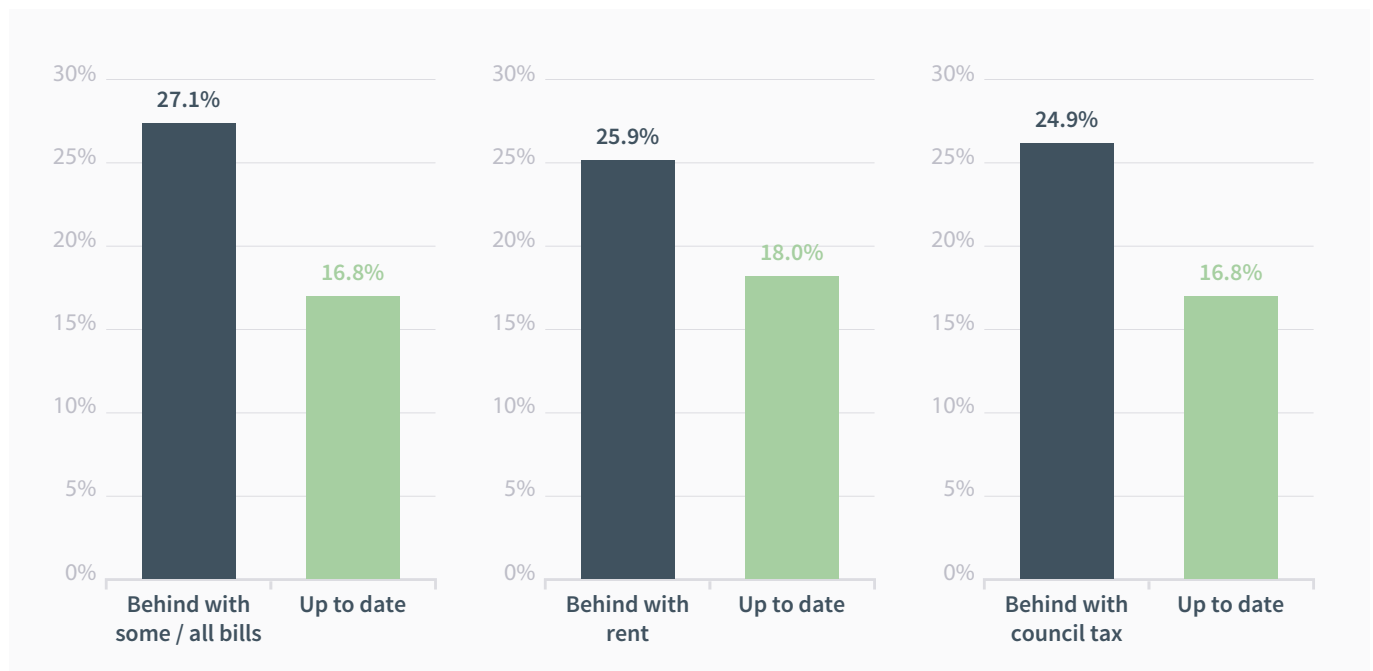
In addition, the top prompted impacts Relate users identified were that debt put pressure on their relationship (62%), increased levels of conflict (51%), reduced positive communication (43%), led to them blaming each other (40%), reduced intimacy (33%), and caused mistrust (29%).

The damage debt problems can do to relationship quality was also evidenced in the analysis of longitudinal data from the Understanding Society survey. People who were behind with bills, rent/mortgage and council tax were significantly more likely to be in relationship distress.

“It forced me to keep secrets from the people I should be closest to. It made me resent them, I felt that I had got into debt because of them. I felt guilty for feeling those things.”

- Relate service user

Fig. 2: Relationship distress levels by arrears with bills/rent/council tax



Debt advisers frequently encounter these impacts on clients’ relationships: for example, almost four in ten (37%) advisers said ‘most’ or ‘all’ their clients experience

relationship problems in addition to debt problems,^x and almost three-fifths (57%) often encounter clients reporting negative impacts of debt on their couple relationships.^{xi}

^x Respondents answered on a scale of ‘all’, ‘most’, ‘some’, ‘a few’, and ‘none’

^{xi} On a scale of ‘all of the time’, ‘most of the time’, ‘often’, ‘some of the time’, ‘rarely’, or ‘never’

3.2. Relationship stability

What do we know already?

Existing evidence also shows consumer debt is linked to increased rates of relationship breakdown.⁵³ One UK study found that the relationship breakdown rate doubled for families who had arrears of various kinds.⁵⁴ Other research supports this trend: one study found seven per cent of UK families said problem debt led to their most recent relationship breaking down;⁵⁵ 11% of debt problems are reported to have contributed to relationship breakdown;⁵⁶ and nine per cent of high-cost credit customers report relationship breakdown as a consequence of borrowing.⁵⁷

UK debt advice client data also attests to the contribution of debt problems to relationship breakdown: 11% of StepChange Debt Charity clients said unmanageable debt led to their relationships breaking up,⁵⁸ and 23% of

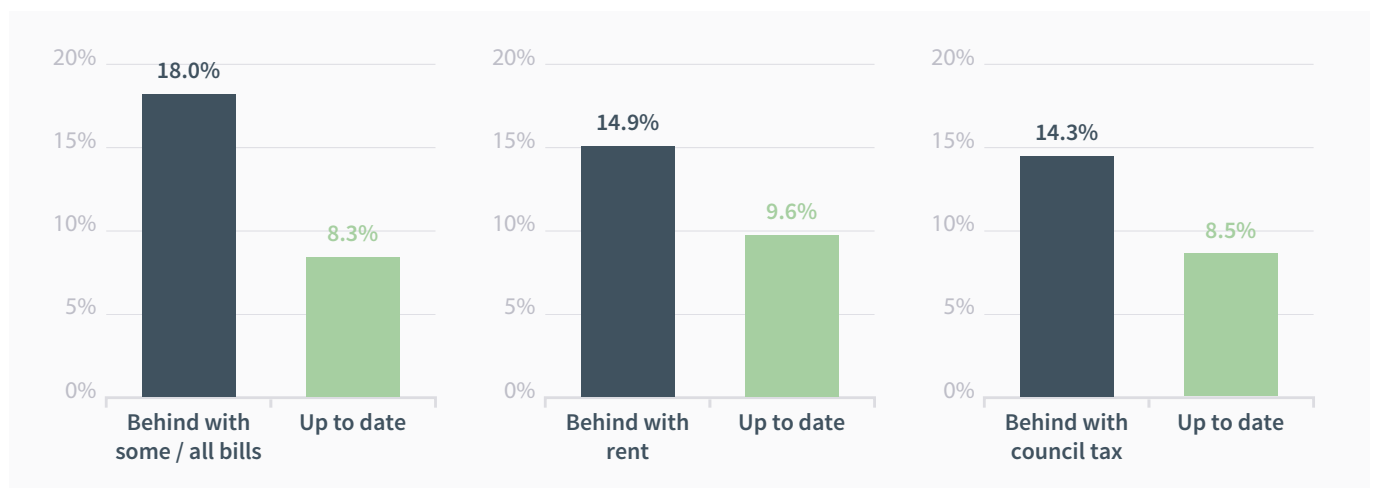
Christians Against Poverty clients also said debt problems had caused complete breakdown.⁵⁹ In a qualitative study, clients have attributed this to tensions caused by money worries or an inability to agree on how to deal with debt.⁶⁰

Our findings

Analysis of the Understanding Society survey data showed people in debt were significantly more likely to experience relationship breakdown.

People who were not up to date with all bills were more than twice as likely to experience relationship breakdown as people who were up to date with bills:

Fig. 3: Risk of relationship breakdown by arrears with bills/rent/council tax



Our data confirm the contribution of debt to relationship breakdown:

- Almost a third (32%) of debt advisers often encounter clients who experience relationship breakdown as a result of debt problems;^{xii}
- Almost one in three (31%) Relate users said debt contributed to the breakdown of their relationship; and
- 44% of Relate counsellors have seen clients who have experienced relationship breakdown in the last 12 months due to debt.

The national polling similarly showed that this is a prevalent effect of debt:

- One in ten people (10%) have experienced the breakdown of a relationship with a partner where debt was either the main reason or a contributing factor; and
- Among people in problem debt,^{xiii} this rises to one in five (20%) – five per cent indicated this was the main reason, 17% that it was a contributing factor.

^{xii} On a scale of 'all of the time', 'most of the time', 'often', 'some of the time', 'rarely', or 'never'

^{xiii} Base: 755

^{xiv} Relate website survey

1 in 3 (31%)

Relate service users said **debt contributed to the breakdown of their relationship**^{xiv}



3.3. Impacts on other relationships

What do we know already?

Some previous studies have also explored the impacts of debt on relationships with children and other family members. A Children's Society and StepChange study of families found stress on family relationships due to arguments about money problems caused emotional distress for children, with 47% of children in families in arrears saying lack of money caused arguments in their family.⁶¹ Over a quarter of Christians Against Poverty clients said that their debt negatively affected their children's wellbeing,⁶² and almost a third of StepChange Debt Charity clients report negative impacts on relationships with family and friends.⁶³ Research also shows young children can be harmed when entangled in parents' debts – for instance, acting as a mediator between parents, answering calls from creditors, being used as 'therapists' for parents to 'unload' distress, or even through parents borrowing from them. This can lead to children harbouring the financial stress of the family, leading to depression, anxiety and aggression.⁶⁴

Our findings

Our nationally representative polling data demonstrate the negative impacts of debt (and problem debt in particular) on relationships with children and other family members:

- One in ten (11%) British adults who have been in debt said debt had a negative impact on their relationships with children aged seven or over, doubling to 22% for people currently in problem debt;^{xv}
- Over one in eight British adults (13%) who have been in debt reported a negative impact on their relationship with family members/close friends, while 23% of people currently in problem debt said the same;^{xvi} and
- British adults with problem debt^{xvii} were three times as likely as those not in problem debt to argue with their children aged seven and over 'once a week or more often'.^{xviii}

Findings from the debt advice sector further demonstrated the impact of debt on relationships with children and other family members:

- Almost one in five (19%) debt advice clients said debt had a 'considerable' impact on their relationships with their children;^{xix} and
- 35% of debt advisers said problem debt has a 'very big' or 'fairly big' negative impact on clients' relationships with children.^{xx}

^{xv} Base: 341

^{xvi} Base: 755

^{xvii} Base: 341

^{xviii} On a scale of 'once a week or more/once a fortnight/once a month/once every 3-3 months/once every 4-6 months/once every 6 months/once a year/less often than once a year/never'

^{xix} On a scale of 1 to 5, where 1 = 'not at all', and 5 = 'considerably'

^{xx} On a scale of 'very big/fairly big/some/fairly small/no negative impact'

^{xxi} StepChange debt charity client survey for Relate

1 in 5

debt advice clients say **debt has a 'considerable' impact on their relationships with their children**^{xxi}



"It's difficult to talk to your grown up children as you feel that in some way you have failed and they will disrespect you or that it will affect their relationship with you regarding the choices in life that you have made."

- StepChange Debt Charity client

"Children are suffering as we have no spare money for them and their school activities. I'm constantly stressed out and have a short fuse so I seem to always be shouting at them!"

- StepChange Debt Charity client

"I've drawn further away from my mum as I've been scared to talk about it and it's caused a rift in the family."

- StepChange Debt Charity client

"I can't help my children out when they need help, can't buy the grandchildren a birthday card or gift which is very disappointing to us all, and so impacts greatly on the relationship."

- StepChange Debt Charity client

Debt advisers and counsellors in the focus groups, as well as families themselves in the surveys, also talked about the impacts on other relationships, particularly between parents and children.

Key themes were:

- Parents' guilt at not being able to buy things for children – or exacerbating their debt problems by doing so;
- Adult children's expectations that parents would bail them out of debt problems;
- Adult children not contributing to family finances;
- Intra-family borrowing;
- Isolation from social relationships; and
- Children being impacted when translating between debt advisers and parents.

“Couldn't participate in family days out, or friends nights out. Social exclusion basically. The worst is the pressure from children wanting everything they see, and having daily verbal battles with children wanting stuff they see constantly advertised.”

- Relate service user

3.4. Not an inevitable impact?

Despite this evidence of debt increasing pressure, conflict, and risk of relationship breakdown, experiencing debt isn't necessarily negative for relationships. In one survey, 17% of parents with debt problems thought their relationships had become stronger as a result,⁶⁵ and one in five StepChange Debt Charity's clients have said debt strengthened their relationship.⁶⁶

A minority of respondents to the Relate user survey similarly indicated a positive impact: 11% said that debt had brought them together in the face of adversity. Debt advisers in focus groups also highlighted that some clients are able to work together and do not see their relationship negatively affected by their debt problems.

“There can be situations where the parents are guarantors for their adult children, and that can cause nothing but problems, because they can end up having to pay because the child's not paying, and that can really cause such rifts within the relationship.”

- CAB adviser

“One of the biggest problems is where young children are acting as interpreter, where the parents in debt don't speak English. I had one client facing eviction, and trying to tell their 12-year old that, so they can tell their parent - it's incredibly difficult. It does absolutely have an effect on the children.”

- CAB adviser

“If you've got a couple who have got into debt together, usually because they're trying to manage, but they're trying to do their best, they can actually sometimes come in working as part of a team and want to take that on as part of a team.”

- CAB adviser

“Some couples manage to come together and they work at it, and can make a real improvement in their relationships...I had one couple who had got back into debt due to overspending, but they didn't blame each other, they knew they were both at it, so they sit down together and wanted help from me to help them set up a realistic budget. It was [about] removing blame from the situation and it was really positive.”

- CAB adviser

4. 'Hidden' debt

Key findings: 'Hidden' debt

- When individuals get into debt and hide it from their partner or family members, this can be particularly problematic – for relationships, and for their ability to deal with debt
- One in seven (14%) people have hidden debt from a partner
- One in four people (26%) with problem debt have hidden debt from a partner, and one in six (15%) are still doing so
- Almost half (47%) of StepChange Debt Charity clients have hidden debt from a partner and 12% are currently doing so
- The impacts of such hidden debt on relationships can be similar to an affair in terms of the loss of trust and hidden debt undermines relationships
- Debt advisers frequently encounter this phenomenon in their work – one in three often come across it – and report that it makes supporting clients with their debts problematic

4.1. An invisible problem?

Whether or not both partners are fully aware of debt can be a crucial factor in how debt affects relationships. Our data throw considerable light on the phenomenon of what we term 'hidden' debt – where an individual gets into debt without their partner or family members knowing, and chooses to keep the debt secret.

Interestingly, we observed a significant dearth of previous research into 'hidden' debt. Despite this, our investigation showed this to be a very significant issue for relationships in Britain, and one that both debt advisers and relationship counsellors encounter frequently in their work.

Our quantitative data reveal the scale of hidden debt in Britain's relationships:

- One in seven (14%) British adults in debt^{xxii} have hidden debt from a partner - and half of these are still hiding it;
- One in four people (26%) with problem debt^{xxiii} have hidden debt from a partner, and one in six (15%) are still doing so;
- Nearly one in ten people (eight per cent) have hidden debt from a previous partner, and 13% of people have had a partner hide debt from them that they found out about;
- Over a quarter (27%) of Relate users had hidden debt from a partner, and nine per cent were currently doing so; and
- Almost half (47%) of StepChange Debt Charity clients had hidden debt from a partner and 12% were currently doing so.

^{xxii} Who have ever been in debt

^{xxiii} Base: 454

^{xxiv} Relate website survey

^{xxv} 95% confidence level, p=.05

The reasons people give for hiding debts are varied, but the top reasons reported in the national polling included shame (51%), fear of how a partner/family member will react (46%), fear of being blamed (33%), partner not understanding (32%) and being in denial about the extent of the debt (29%).



4.2. The impact on relationships

Our findings demonstrate the particularly negative impact that hidden debt can have on relationships. Analysis of the Relate user survey showed people who had hidden debt from a partner were significantly more likely to have experienced problem debt; to see an impact of debt on their couple relationship; to have experienced relationship breakdown due to debt; to report poor financial communication with current or ex-partners; and to have damaged a partner's credit rating.^{xxv}

“My partner withholds information about debt and sticks his head in the sand so even if I talk to him I have no idea whether he is getting into debt again as it is outside my control [...] we are considering couples counselling due to breakdown in trust following his debts and lies.”

- Relate service user

“The stress has been incredible, it's like keeping a dirty secret and the guilt is overwhelming.”

- Relate service user

“It is so hard to move on with my life and try to be happy when at the back of my mind I know I am hiding this from my wife, we share everything and never hide stuff, yet she has no idea I even have a credit card, let alone how much I owe on it.”

- Money & Mental Health Policy Institute survey respondent^{xxvi}

4.3. A vicious cycle

As well as the particularly pernicious impact of such hidden debts on family relationships, focus groups with debt advisers showed that the decision to keep debts a secret, in turn, also negatively affects families' ability to deal with debt problems.

“When we have one partner who has debt and the other doesn't know about it, they usually don't want to tell their partner, and this can make it difficult to take further action - for example when the best solution is insolvency and we recommend this, they don't want to take it because they say their partner will then know about their debt.”

- CAB adviser

^{xxvi} Verbatims from Money and Mental Health Policy Institute survey of 5,413 people with mental health problems on the links between money and mental health problems 14 March - 15 April 2016

^{xxvii} StepChange debt charity client survey for Relate

“Horrible. It's like I'm keeping a massive secret and scared he'll leave if he finds out.”

- Relate service user

Relationship counsellors also told us how hiding debt can have a similar impact on the relationship to an affair. Like other types of 'betrayal', practitioners highlighted that hidden debt can increase conflict and mistrust, and put extra pressure on the relationship.

“And all the language that they've tended to use is just like it's an affair, another person. And when I've - a couple of times I did say it 'It's like the process people go through when they find out their partner's been having an affair - the betrayal and the lies' and they said 'That's exactly what this is like, it feels like they've had an affair'.”

- Relate counsellor



(almost half) of debt advice clients have **hidden debt from their partner**^{xxvii}

“...you get situations where a client comes in as a couple where there's joint debt and then you suddenly find that one person doesn't know about this other debt that they have and it's the first time they've found out: that can be very very difficult for the advisor as well as the clients.”

- CAB adviser

“I have had some clients where bailiffs arriving at the door was the first time they were aware of their partner's debts. I've had one woman who was actually facing eviction from her home, and didn't know until that morning because her husband hadn't told her that he had a serious gambling problem.”

- CAB adviser

5. How relationships can impact on debt and finances

Key findings: How relationships can impact on debt and finances

- Relationships can directly impact on finances through relationship breakdown leading to debt (either as a result of the loss of income, or through one partner saddling the other with debts), financial association affecting an individual's credit rating, living together as a family having implications for finances (particularly families in receipt of benefits, with non-dependent children), and through financial abuse (controlling someone's access to financial resources)
- Over a third of debt advice clients say relationship breakdown was the main/part of the reason for their problem debt
- One in three advice clients have experienced difficulty accessing credit due to their financial association with a partner/ex-partner
- One in ten Relate users have experienced a partner controlling access to their income, benefits, bank accounts or savings
- Debt advisers frequently come across instances of financial abuse

5.1. Relationship breakdown as a cause of debt

One of the main ways in which relationships can affect finances is through relationship breakdown. Our surveys confirmed this is a significant contributor to debt problems:

- 36% of StepChange Debt Charity clients said that a relationship breakdown was the main/part of the reason for their problem debt; and
- 82% of debt advisers said they often encounter clients for whom relationship breakdown has been a factor leading to their debt problems.^{xxviii}

36%

of debt advice clients said **relationship breakdown was a cause of their problem debt**^{xxix}



Previous research similarly shows relationship breakdown is one of the main life shocks that can lead to debt problems⁶⁷ and is a significant feature among debt advice clients,⁶⁸ with one study finding just under a third of advice clients attributed their debt to family breakdown.⁶⁹ Relationship breakdown increases the risk of financial

problems⁷⁰ (particularly for women – one in five mothers fall into poverty following relationship breakdown),⁷¹ and trebles the likelihood of falling into arrears.⁷² Debt advice agencies' client data also indicate relationship breakdown is a significant cause of debt problems, cited by around one in six Christians Against Poverty clients as a cause of debt problems⁷³ and a contributing factor by 35%,⁷⁴ and as a cause by one in ten StepChange Debt Charity clients'.⁷⁵

Relationship breakdown can lead to debt problems simply through the drop in income, or as an indirect result of the emotional upheaval of separation.⁷⁶ Relationship breakdown can also be a cause of debt problems where one partner is left with the other's debts,⁷⁷ or left with sole responsibility for joint debts accrued for the benefit of the household.⁷⁸

Debt advisers in focus groups told us many clients get into debt problems when a partner leaves them with debts. Although no individual can be held legally responsible for another person's debt (unless they have agreed to be a guarantor), if a debt is taken on jointly, both are responsible, which can lead to difficulties if one is unwilling or unable to pay. Research suggests responsibility for joint debts may be left with women more than men following relationship breakdown because they are more likely to stay in the home, while their ex-partner may avoid creditors.⁷⁹ Studies show when relationship breakdown leads to one being left with their partner's debts, this is often linked to gender and power dynamics (see Section Seven).⁸⁰

^{xxviii} On a scale of 'all of the time', 'most of the time', 'often', 'some of the time', 'rarely', or 'never'

^{xxix} StepChange debt charity client survey for Relate

5.2. Financial association

Applying for credit jointly results in couples becoming financially associated with each other, meaning how one person manages credit can affect the other's credit rating. Following the breakdown of a relationship, details of all financial associations remain on individuals' credit report unless they inform the credit reference agencies that they need to be removed, and if the individuals no longer have any financial link.⁸¹ However, debt advisers told us that clients are not always aware of this and that removing financial association can be a complex issue if former partners have to sign over a loan from one to the other, or pay off a loan and apply for a new one, and work out money owed to each other.

“A common situation is where one of the couple does not deal with their finances and debt situation effectively and they get into debts, and then that means that, because they're joint, when the other partner wants to apply for other things on credit, the other partner's bad debts affects them, so they have to go to lenders that charge high interest rates, because the family's joint credit record has been damaged.”

- CAB adviser

5.3. Parent-child relationships

Relationships can also be a factor in debt problems where simply living together as a family can have implications for finances. Advisers told us this can be a particular issue for families in receipt of benefits, where the presence of non-dependent children, for example, incurs deductions, as it is assumed they contribute to household costs.

“I've had clients who are little bit intimidated by their adult children - their adult child goes into work or is on benefits and they get the deduction in their Housing Benefit and the client is a little bit scared to ask them for that money and gets into rent arrears.”

- CAB adviser

Our data indicate that this is quite a common experience:

- Almost a third (31%) of StepChange Debt Charity clients said they had experienced difficulty accessing credit due to being financially associated with a partner/ex-partner;
- Almost three-fifths (58%) of debt advisers often encounter clients who have had problems accessing credit due to financial association; and
- One in four debt advisers are seeing a growth in clients with such problems.



58%

of debt advisers said they **often encounter clients who have had problems accessing credit due to financial association with a partner or ex-partner**^{xxx}

Similarly the Relate user survey found:

- 16% of respondents had been denied credit due to financial association with a partner/ex;
- 16% had their credit rating damaged by a partner/ex; and
- Six per cent have damaged a partner's credit rating.

Debt advisers also described how parent-child relationships can be factors in clients' debt problems, where adult children expect parents to bail them out of debt or where parents feel unable or unwilling to ask adult children to contribute to household costs.

“Some adult children don't make a contribution into the household and that's an issue...I think from our point of view, we have to remind people for example if there's a non-dependant in the household they should be making a contribution towards Council Tax and things like that. And so we point that out, and we suggest that that's a good idea to bring that up as a conversation, but obviously we can't do anything to force that to happen.”

- CAB adviser

^{xxx} Relate and Money Advice Trust/Citizens Advice/AdviceUK debt adviser survey

“How many times have we seen adult children who are angry at their parents who have got money and are not continuing to bail them out?...They see it as their duty... Sometimes the parents just say ‘I can’t afford to keep paying’ and the child is just – they’re an adult – but they’re so filled with anger and resentment because their parents won’t pay for them any more.”

– CAB adviser

5.4. Abusive relationships

Financial abuse – controlling a person’s access to their financial resources – is another way in which relationships can lead to debt problems.

Our review of previous published evidence showed this is an under-researched issue. However, there are strong indications that it can be a significant reason for debt: a recent study found 61% of abuse survivors were in debt because of financial abuse, and 38% had a poor credit rating because of the abuse,⁸² and another showed nine in ten debt advisers had supported clients who had experienced financial abuse.⁸³

The Relate user survey also found 41% of respondents had experienced at least one of a number of examples of financial abuse, with:

- 17% experiencing a partner withholding money;
- 10% experiencing a partner controlling their access to income, benefits, bank accounts or savings; and
- Nine per cent being forced by a partner to take out credit or using their credit card without asking.

Several respondents also identified abusive behaviours as reasons for their debts:

“A lot of my debt is due to my partner constantly borrowing from me and my credit card, but never returning the money.”

“Ex-partner took out loans in my name or convinced me to do it for them for example to help them get a car to get a job.”

“Violent ex-partner took out mobile phone contracts in my name, with my bank details and I had no way of proving that it wasn’t me.”

Debt advisers also told us they often come across financial abuse:

- One in five (20%) advisers often encounter clients whose partner forced them to take out credit or used their credit card without asking;
- 29% advisers often encounter a client whose partner used all their joint resources;
- Almost one in five (19%) often encounter clients whose partner controls access to income, benefits, bank accounts or savings; and
- Over one in five (22%) often encounter clients with partners who force them to pay the entirety of their joint bills.

1 in **5**



debt advisers see clients whose **partner controls their access to income/benefits/bank accounts at least often**^{xxxii}

^{xxxii} Relate and Money Advice Trust/Citizens Advice/AdviceUK debt adviser survey

“I think, on average, I would have two or three budgets a month probably maybe even more where it says that an ex-partner forced her or took the debt out in her name or his name and obviously they must have signed something at some stage but it wasn't their intention to get the debt.”

- Christians Against Poverty adviser

Relate counsellors also reported coming into contact with financial abuse:

- 45% encounter a partner withholding money from the other at least some of the time;
- 34% encounter a partner controlling the other's access to income, benefits, bank accounts or savings at least some of the time; and
- 28% encounter a partner forcing the other to pay all joint bills at least some of the time.

“I can think of cases where one partner's actually managed to extend a loan fraudulently because they've forged somebody's signature.”

- Relate counsellor

“I think financial control is huge.... I notice that a lot with my couples, in various different areas.”

- Relate counsellor

6. Money management, conflict and communication

Key findings: Money management, conflict and communication

- Families' communication and patterns of conflict resolution provide an important relational context that can shape the ways in which finances are managed
- How people argue about debt and finances is as important as what they argue about – people who are able to communicate and resolve problems effectively are less likely to see their relationships deteriorate in the face of financial pressure
- Debt advice clients, however, report high levels of poor financial communication – 40% say their financial communication with their partner is poor/very poor
- One in ten (10%) people with a partner argue about money, debt, and/or other financial issues with their partner at least once a fortnight – rising to 25% of people in problem debt
- People who make financial decisions together are less likely to experience financial problems and less likely to experience relationship pressures as a result of debt than those who make such decisions together
- Debt advisers and relationship counsellors were in agreement that it is important that people in relationships make decisions together
- 93% of debt advisers say that personal and family relationships are important to clients' ability to manage debt

What do we know already?

The ways in which couples and families deal with debt and communicate about it are key mediators of how/whether debt problems affect relationships. Studies point to communication as a key determinant of relationship satisfaction:⁸⁴ when partners have high levels of heated arguments and neglect positive conflict resolution tactics, this can seriously damage relationships.⁸⁵

Yet good communication and conflict resolution can provide a 'buffer' against financial pressures. Research shows, for example, that although economic pressure generally predicts increased hostility,⁸⁶ partners who feel supported by their spouse have better relationship quality and wellbeing than others under similar economic pressure,⁸⁷ and are less likely to experience increased conflict.⁸⁸ Similarly, highly effective problem-solvers are able to avoid the increased conflict that financial pressure predicts.⁸⁹

Poor management of conflicts over finances however increases the risk of divorce, decreases relationship satisfaction, and increases stress.⁹⁰ Similarly, couples are more likely to argue about the way money is managed than how much money they actually have;⁹¹ and how couples argue about money is as important as the finances they argue about.⁹²

Despite the importance of communication, there are indications that many couples do not talk about finances.

Previous UK research into patterns of money management, for example, found many interviewees seemed to have rarely, if ever, talked about finances with anyone before.⁹³ A survey of 2,000 UK adults in relationships in 2015 also found 45% admitted they were not always honest with their partner about finances, one in five (18%) had lied to their partner about their earnings, and a quarter lied about their spending.⁹⁴ When couples are asked to separately detail their perception of their family's financial situation, a significant difference is often identified - with husbands overstating the family income, and wives overstating family debts.⁹⁵ Those who reported smaller financial differences were also less likely to divorce than couples who reported greater financial differences.

Research also indicates that managing finances together is associated with a better financial situation and better relationship quality. A recent study found couples who made joint financial decisions encountered fewer financial problems, were more likely to have a good overview of their financial situation, set more financial goals and plans, and tended to agree more with other household members including children.⁹⁶ People who communicate about finances tend to be happier with their financial situations,⁹⁷ and low-income couples holding joint bank accounts have higher relationship quality and lower hostility than couples who managed their money independently.⁹⁸

Our findings

StepChange Debt Charity clients indicated they had high levels of problematic communication:

- 25% said their general communication with their partner/ex was poor; and
- 40% said their financial communication with their partner/ex was poor.

28% of Relate users said they argued often/all the time with their partner/ex-partner. Similarly, national polling highlighted the prevalence of financial conflicts:

- One in ten (10%) people with a partner argue about money, debt, and/or other financial issues with their partner at least once a fortnight, and 17% do so at least once a month; and
- Among people in problem debt,^{xxxii} this rises to one in four people (25%).

We also observed indications that managing finances together was associated with better financial situations and better relationships. Relate users who made financial decisions together were less likely than those who managed them separately to have experienced debt (and problem debt in particular), to have hidden debt or had a partner hide debt, to have damaged a partner's credit rating or had their own damaged by a partner, and less likely to have experienced financial abuse. They were more likely, on the other hand, to say debt brought them together and increased positive communication, to have good financial communication, and to say they never argue about money.^{xxxiii}

Both debt advisers and relationship counsellors perceived relationships to be important for people's management of debt and finances:

- 97% of debt advisers said it is important for financial health that people in relationships make decisions together;^{xxxiv}
- 88% of debt advisers said it is important for couples' financial health that they have relatively equal levels of financial literacy;^{xxxv}
- 93% of debt advisers said that clients' personal and family relationships are important to their ability to manage problem debt;^{xxxvi}

- 59% debt advisers said good relationships are strongly linked to improved financial capability; and
- 88% of Relate counsellors said that in their experience it is important for couples' relationship quality that they make financial decisions together.^{xxxvii}

93% of debt advisers say **personal & family relationships are important to clients' ability to manage debt**^{xxxviii}
(55% 'very important'; 38% 'fairly important')



“If you're living together as a couple, decisions do have to be made jointly really, because whatever decisions one person makes is going to affect the other one - if you make any financial decisions you're impacting both.”

- CAB adviser

“Couples need more education on debt as a whole and how to approach the problems so they can overcome the issues together. A strong approach to combined couple debt helps to improve the way the debt problems are overcome and to also strengthen the relationship.”

- Respondent to the debt adviser survey

^{xxxii} Base: 454

^{xxxiii} 95% confidence level, p=.05

^{xxxiv} 71% said 'very important' and 26% said 'fairly important'

^{xxxv} 38% said 'very important' and 50% said 'fairly important'

^{xxxvi} 55% said 'very important' and 38% said 'fairly important'

^{xxxvii} 50% said 'very important' and 38% said 'fairly important'

^{xxxviii} Relate and Money Advice Trust/Citizens Advice/AdviceUK debt adviser survey

7. Underlying relational factors

Key findings: Underlying relational factors

- There are important underlying relational factors that provide the context in which financial behaviour takes place, that can be key in determining how debt and money are managed
- These underlying relational factors include the role money can play in relation to gender dynamics, power, and control; the emotional and symbolic meanings that money and debt are endowed with; and the extent to which partners share similar approaches towards finances – often rooted in their family of origin
- 59% Relate counsellors thought that financial conflicts in relationships carry emotional meanings for partners most/all the time
- Having different approaches to money was the top reason Relate counsellors see clients arguing over money

7.1. Power and relationship dynamics

Aside from the explicit ways in which debt and relationships can affect each other, our research also highlights the additional relational factors that can underlie the management of money within relationships. These relationship dynamics surrounding money and debt can act as powerful, symbolic mediators within couple and family relationships.

Previous studies have highlighted the role money plays between couples in relation to power, trust and intimacy, and the historical gender inequality between men and women in relation to property ownership and financial management.⁹⁹ Some researchers have found that disagreements about finances can in fact ultimately be disagreements about underlying issues of power and control.¹⁰⁰ Others have similarly argued that financial issues in relationships reflect the role of power, commitment, trust, esteem, identity and control 'within core relationship dynamics.'¹⁰¹ One study found financial disagreements may be preceded by perceptions of financial inequity.¹⁰²

UK studies have also highlighted the role of gender dynamics in families' financial management.¹⁰³ One study of families in receipt of benefits showed women typically had no access to their 'own' money and would do without basic necessities, privileging their children's needs and their male partner's 'pocket money'.¹⁰⁴ Qualitative research with residents of a women's refuge also found that disputes about money had played a significant role in the accounts the residents gave of their relationships with their abusive former partners, and showed how such inequality within the household can contribute to the problems of women who suffer domestic abuse.¹⁰⁵

In our research, Relate counsellors perceived conflicts over money in the counselling room to often be deep-rooted, and indicative of other factors. The majority of counsellors surveyed perceived that much of couples' arguments about money have roots in unequal power and gender roles rather than simply money per se.

Focus groups with debt advisers and relationship counsellors highlighted the power of resentment within couple relationships – often stemming from the impact of unequal earnings or employment status.

“It causes an imbalance doesn't it? So one person [with debt] is the guilty person and the other one's the sort of rescuer.”

- Relate counsellor

“Resentment over earnings and their distribution is our major issue, which usually results in issues being hidden for fear of resentment and criticism.”

- Relate website user

“There can be a lot of resentment if one partner is working and paying off the other partner's debts. If a person's got an income but their partner has debt, you can feel the resentment there of that one person who's working having to pay the other's debt, and that can create an issue in the relationship.”

- CAB adviser

7.2. Emotional meanings of money and debt

Another important way that relationship dynamics can influence the management of finances within relationships is through the meanings that partners assign to debt and money.¹⁰⁶ Partners can attach different or competing meanings to money and its use, which can be a source of conflict.¹⁰⁷

In our survey, 59% Relate counsellors thought that financial conflicts in relationships carry emotional meanings for partners most/all the time, and counsellors in focus groups highlighted the meanings debt and money can have.

59%

of Relate counsellors say **financial conflicts carry emotional meanings for partners most or all the time**



“I think there's a deeper psychology here in terms of how much finances has an affect on all of us...And the fear of unemployment, and what does that mean? What do we do about this? What's going to happen to us? That, all these sort of things, the peripherals of the debt, finances, unemployment all play into the emotions and the insecurities of a couple.”

- Relate counsellor

7.3. Shared/conflicting approaches to money

How partners approach their finances and the extent to which partners share goals and values can also affect the ways in which debt and financial pressure can impact on relationships.¹⁰⁸

Qualitative research with debt advice clients showed partners who had opposite responses to debt found it impossible to agree on a course of action together.¹⁰⁹ Indeed, evidence suggests a good deal of couple conflict around debt and finances may actually be about partners' values and approaches to money. Shared views of relationship roles, goals and values around money and are more predictive of marital satisfaction than couple communication during conflict,¹¹⁰ and attitudes towards finances even have a stronger impact on perceptions of financial problems than income.¹¹¹ Other studies indicate that the central factor that links financial satisfaction and relationship satisfaction is whether couples share goals and values. Therefore, changing the way couples interact and helping them to find shared goals and values in relation to money may help them to improve relationship satisfaction and their perception of their financial situation.¹¹²

The top unprompted reasons Relate counsellors gave for clients arguing over money were different approaches to money (39%), different values (13%), and other underlying issues (8%).

Family of origin was identified as a key determinant in how people can develop different meanings and values attached to money, which can ultimately become sources of conflict in relationships.

“...the debt is attached to the different values and the different meanings that money has. So it actually ends up as a conversation about the difference within the couple relationship, and how to resolve that.”

- Relate counsellor

“There are different ideas, different values attached to how you manage money, and sometimes the work goes into actually, perhaps, thinking about family backgrounds and growing up, and was money used considerably or responsibly, or was money about having fun and being spontaneous?”

- Relate counsellor

8. Joining-up support

Key findings: Joining-up support

- While support services for families experiencing debt problems and relationship difficulties exist, there is little coordination or collaboration between the two sectors at present, with only some signposting in both directions
- However, there is substantial demand for closer working – one in three debt advisers perceives there to be a large demand among their clients for support with their relationships
- There is also significant demand among the public as a whole for more support to talk to partners and families about money: one in three British adults say that support to talk to their partner about debt and finances would benefit them, rising to almost half for those in problem debt
- Barriers currently inhibiting closer working between debt advice and relationship support include the cost of relationship support (currently providing subsidised/free support depends on either local grants or the resource drawn in from fee-paying clients – which means provision of free support is patchy) and a lack of local relationships/awareness
- Debt advisers and relationship counsellors are strongly supportive of closer working between the two sectors

While support services exist separately for people experiencing problem debt and for those experiencing relationship difficulties, our research presents a picture of little joint working between the two. At most, there is some signposting in both directions, but little coordination or collaboration.

- One in five counsellors signpost clients to debt advice at least some of the time; and
- 42% debt advisers signpost to relationship support at least some of the time.

While there are strong indications that debt problems can cause significant relationship pressures, 85% of StepChange Debt Charity advice clients reported they had not ever sought help from charities or support services to assist with relationship problems.

Previous research has indicated emotional and social support gaps for people experiencing problem debt, with many debt support services traditionally focusing on financial and legal issues rather than emotional or social effects of debt, including loss of friendships and relationship difficulties.¹¹³ It has also been found

that that couples often seek financial help from relationship therapists or seek out financial counselling when experiencing relationship distress, yet financial practitioners and relationship therapists are not generally equipped with the skills to work with both problems.¹¹⁴

Positively, most Relate counsellors (79%) in our survey felt confident in responding to clients' relationship issues due to finances and debt, and most debt advisers (71%) said they felt confident discussing relationship factors with clients. There are also already some indications that debt advice and relationship support can have complementary positive spill over effects. 48% of StepChange Debt Charity clients in our research reported their relationship with their partner had been impacted positively since accessing advice, and a previous study of advice clients found improvements in couple relationships and their ability to invest in their relationships.¹¹⁵ And there are also signs that relationship support can have a positive impact on family finances: a couple-focused parenting support programme for low-income families developed in the US (and brought to the UK by Tavistock Relationships) resulted in family incomes increasing by \$4,000.¹¹⁶

8.1. Wider evidence for coordination

Some research – mainly from the US – has concluded that relationship and financial support should work together for families affected by both debt/financial pressure and relationship strain. Researchers have suggested that

relationship and financial practitioners can work more collaboratively by informing clients of the links between finances and relationships,¹¹⁷ building relationships between providers and increasing training to support

appropriate referrals in both directions,¹¹⁸ and being more savvy as to potential underlying causes of presenting issues.¹¹⁹ It has been argued that financial advisers could benefit from greater awareness about the impact of financial communication problems between couples,¹²⁰ while relationship practitioners could address negative financial behaviours behind communication,¹²¹ couples' values around money¹²² and/or secret-keeping;¹²³ and use the therapeutic environment to address basic financial education.¹²⁴

In the US, there have been some small-scale efforts to combine relationship support and financial support, into 'financial therapy',¹²⁵ and by integrating financial education into relationship education programmes,¹²⁶ for instance. Pilots of programmes co-delivered by financial advisers/planners and couple therapists have shown

promising signs, albeit from small samples, in terms of improved relationship quality, reduced financial strain, and improved financial wellbeing.¹²⁷ Other researchers have found that while combining financial counselling and couple therapy increases costs, if these professionals take time to understand each other's approach and integrate interventions, such an interdisciplinary approach may offer the best of both worlds.¹²⁸

Research into what works when bringing together relationship support and financial advice is still in its infancy, however. More research is needed into what works when combining financial advice with relationship support, and the sequencing of such different support to understand the effectiveness of interventions or ways of working with families at different points.

8.2. Demand for closer working

Our findings show strong demand for collaboration between debt advice and relationship support. One in three (33%) debt advisers perceived there to be large demand among their clients for relationship support, and a further 45% perceived 'some' demand.

1 in 3 (33%)

debt advisers perceived **'very large' or 'large' demand among their clients for relationship support** and 45% perceived 'some' demand^{xxxix}



Several debt advice clients in the survey, when asked what might have helped them to improve relationships while managing debt, talked about communication and openness about finances in their relationship; counselling or therapy; and advice on how to talk about money with their partner.

"Carer support/family support would be helpful to support me in explaining to my children/family the reasons why I tried to hide my debts from them."

- StepChange Debt Charity client

"Being given advice on how to speak about financial issues with my husband."

- StepChange Debt Charity client

"Access to joint counselling."

- StepChange Debt Charity client

"Doing the process together/being brave enough to address the joint problem jointly rather than taking it on solely."

- StepChange Debt Charity client

We also saw indications that people with the greatest financial and relationship pressures, were the most likely to say they would benefit from relationship support. The Relate user survey showed that respondents who had experienced problem debt were more likely than those who had not experienced problem debt to say that they thought their relationships could have benefitted from relationship education/support. Likewise, people who reported poor financial communication with their partners were also more likely than those with better communication to say that counselling would have been helpful in dealing with relationship issues resulting from debt. And people who had hidden debts from a partner were significantly more likely to say that relationship education and support would have benefitted their current or previous relationships.^{xxxx}

Our data here support previous research findings: the Money Advice Service found that two in seven people who were over-indebted said that help to improve their relationships could help them to resolve their financial situation.¹²⁹

^{xxxix} Relate and Money Advice Trust/Citizens Advice/AdviceUK debt adviser survey
^{xxxx} 95% confidence level, p=.05

National polling also showed significant levels of perceived benefit from support to talk to partners about money and debt:

- Almost one in three (32%) GB adults who have a partner^{xxxxi} said that support to talk to their partner about debt/finances would benefit them; and
- 46% of people with a partner in problem debt^{xxxxii} said this would benefit them.

The data also show perceived benefits from support to talk to children about money, debt, and other financial issues:

- Over a fifth (21%) of people with a child aged seven or over^{xxxxiii} said they thought this support would benefit them; and

- People with a child aged seven or over who were currently experiencing problem debt^{xxxxiv} were more likely to say that support with talking to children about money, debt and other financial issues would benefit them (36% said this would benefit them).

There were also significant levels of perceived benefit from support to talk to other family members and close friends about money, debt, and other financial issues:

- Almost a third (31%) of people thought this would benefit them; and
- 41% of those in problem debt^{xxxxv} said this would benefit them.

8.3. Barriers inhibiting closer working

Despite the clear demand for closer working between the relationship support and debt advice sectors, our research also points to barriers that currently make cross-sector collaboration difficult.

Relate counsellors rated the top barriers as lack of local relationships between providers (66%), limited availability of free relationship support (65%) and the stigma around relationship support (31%).

Limited awareness and inter-agency relationships

Awareness across sectors of what services there are, how they work, and a lack of local relationships between providers were highlighted on both sides as barriers to closer working.

The Early Intervention Foundation's research has similarly highlighted how the fragmented nature of relationship support and lack of awareness can be a barrier to take-up and pointed to the importance of raising awareness among frontline practitioners given the role they play in identifying needs and signposting or referring.¹³⁰

- Over half (54%) of Relate counsellors thought there was not very much (46%) or no (eight per cent) awareness between relationship support services and debt advice services of each other.

Debt advisers and relationship counsellors in focus groups talked about the potential for both sectors to learn more about each other and increase awareness to support more signposting and/or collaboration.

“It would be good to swap experience and knowledge, so someone from the debt sector could go in and take on some Relate clients and vice versa. There's certainly some sort of knowledge swap that could be done, [for example] a person coming in and offering training courses on what the other person does.”

- CAB adviser

“Sharing our education with them - you know, this is what we know about relationships and how money affects relationships in ways that they perhaps don't yet know. And then what we can do as an organisation to help.”

- Relate counsellor

“Some sort of people connection locally - you know, getting counsellors and staff at say CAB - that we know each other. And to work together more one to one so that we get to know how they operate and vice versa.”

- Relate counsellor

^{xxxxi} Base: 3,017

^{xxxxii} Base: 454

^{xxxxiii} Base: 2,263

^{xxxxiv} Base: 341

^{xxxxv} Base: 75

Practice example: Relate Cambridge, Clarion Housing Group and CHS group workshop for Relate counsellors and money coaches

Relate Cambridge, the Clarion Housing Group, and the CHS Group (Cambridge Housing Society) worked together to deliver a one-day pilot workshop to Relate counsellors and money coaches working across the region to talk about how they approach money with their clients and to learn from each other. Funded by the Big Lottery Fund's Improving Financial Confidence programme, this pilot workshop was jointly facilitated by Relate Cambridge, Clarion Futures Money (Clarion Housing Group's charitable foundation) and CHS Group's New Horizons (part of the Building Better Opportunities programme, funded by Big Lottery and the European Social Fund), with all three organisations inviting participants to attend. As a result of the

workshop, Relate counsellors were encouraged to feel more confident in talking to clients about money issues more explicitly, and money coaches gained confidence in addressing the broader relationship issues – the challenges of access for low income families to relationship support. One participant, observing similarities in customer needs across Relate counselling and money coaching, noted 'the amount of crossover in people we see with mental illness, low self-esteem and work issues'. Following the workshop, a plan to share resources and materials between the three organisations was put in place, and closer links have been developed for signposting between services.

The cost of relationship support

At present, the relationship support sector's ability to provide free or subsidised support rests largely on the resource it is able to draw in from clients' fees. Charities like Relate try to offer sliding scales according to income where possible, and can sometimes use other contracts or grants to cross-subsidise counselling for those on lower incomes. However, this is not always widely available and, where it is, families and referring agencies are not always aware of this. The fact that the majority of clients pay a fee for counselling can be a significant barrier to access for those on low incomes, and especially those in debt.¹³¹

- Two-thirds (66%) of Relate counsellors identified the limited availability of free relationship support as a barrier that inhibits more referrals/signposting between relationship support and debt advice.

Debt advisers' free text survey responses highlighted cost as barrier:

"As far as we are aware, there are no free services. If there were, we would probably refer."

"Due to the volume of debt clients that we see and time constraints we have always signposted clients with relationship difficulties to Relate etc. so that trained counsellors can assist with this. Unfortunately, a lot of our clients cannot afford to pay for relationship counselling and this is a big issue."

"More free relationship help is needed – a lot of people simply can't afford to get help."

Debt advisers also made it very clear in focus groups that, if relationship support could be provided for free or at a reduced rate for people in debt, this would make them more likely to refer/signpost clients to such support.

"We try not to signpost clients to services that charge, because a lot of our clients can't afford to."

- CAB adviser

"I signpost people to lots of places but actually I don't know of any free relationship services [locally]."

- Christians Against Poverty adviser

"I think it's quite a big barrier. Because I think people would access services more so if it was a lot cheaper. And I know there's reasons why it's as it is at the moment. I would like to see a free counselling service. And maybe that's something that really needs to be looked at so there's more funding for Relate and other organisations so they can provide that to the clients free. It would just make it so much easier."

- CAB adviser

There are promising signs of some emerging examples of local initiatives to provide affordable counselling to people in debt which could be built upon, and taken beyond the

contingency of funding from local charitable trusts (and the resultant geographical inconsistency) to be given a more sustainable footing.

Practice example: Relate Gloucestershire and Swindon and Stroud CAB's Breaking Point hardship fund

Relate Gloucestershire and Swindon have teamed up with Stroud's Citizen's Advice Bureau to widen access to counselling for families in lower incomes. Thanks to the generosity of three local trusts – The Langtree Trust, The Notgrove Trust and The Charles Irving Charitable Trust – Relate and the CAB have established a pot of funding to pilot a project that enables couples or families to access affordable relationship counselling.

In order to qualify, clients must have an appointment with the CAB (where the scheme is advertised via a leaflet). If the CAB adviser thinks the client will also benefit from relationship counselling, they can refer them on to the Relate Breaking Point counselling service. Clients can then access up to six counselling sessions, for a donation of what they can afford to pay, with a minimum payment of £5 per session.

8.4. Practitioner support for closer working

Our research puts forwards ways in which the barriers currently inhibiting cross-sector coordination can be overcome, and indicates strong support among both counsellors and debt advisers for greater coordination:

- 82% Relate counsellors supported more coordination with debt advice;
- 91% of debt advisers supported more coordination with relationship support; and
- 64% of counsellors thought there would be demand among their clients for financial capability support (e.g. budgeting skills, financial literacy, managing money).

There was also strong support among both counsellors and advisers for more training:

- Relate counsellors were supportive of the idea of receiving more training in what debt advice services there are to signpost/refer clients (89%), recognising financial abuse (77%) and financial literacy education (54%); and
- Debt advisers were supportive of the idea of receiving more training in identifying financial abuse (92%), what relationship support services to signpost/refer clients to (92%), financial capability for couples, such as increasing both partners' financial literacy, increasing joint decision making etc (83%), and understanding couple dynamics (78%).

Both counsellors and advisers were clear that boundaries should be preserved between the professional practice of debt advice and relationship support. Practitioners

on both sides emphasised that it is not counsellors' role to give financial advice, nor debt advisers' job to be counsellors. Rather, counsellors and advisers told us that the priorities should be to create better, more effective pathways between both sectors, and to create opportunities where practitioners can learn from each other and increase cross-sector awareness and understanding.

“If you were trying to bring the whole lot together into one service and do debt advice and relationship support, it would be very messy. It's more about a clearer pathway between the two.”

- CAB adviser

“The correlation between relationships and debts should be highlighted in money advice practice through courses/training materials so advisors can deal with this more confidently.”

- Debt adviser response to survey

9. Conclusion

This research investigation has identified clear links between debt/finances and relationships, running in both directions. Debt problems can be both a cause and a consequence of damaging relationship issues.

Relationship dynamics such as how partners communicate about money and debt, the values and emotional meanings they attribute to finances, and their patterns of conflict resolution, are central factors underlying the practical management of money within relationships.

The conclusions are clear: properly supporting couples and families caught in a complicated web of debt problems and relationship issues requires an understanding of both the relational context of financial capability, and the financial contexts that our relationships exist within. In order to

help offset the harmful cycle of debt and relationship problems, policymaking and practice must acknowledge the clear evidence showing how both issues can feed off - and worsen - the other.

We have evidenced substantial demand for joint working between debt advice and relationship support, and strong support from practitioners on both sides for collaboration. In response to these findings, to facilitate a more joined-up response to debt and relationship problems, we recommend:

Recommendations

Better joined-up and informed services

1. Relationship support and debt advice providers should explore ways in which they might work together.

As our evidence shows, there is a real opportunity to support families with problem debt and relationship difficulties, building on promising local examples to develop a more coordinated approach nationally.

2. The Department for Work and Pensions should work with partners to map local support services for families with debt problems and relationship distress.

This would help identify what services are available in local areas for referring partners to signpost clients into and to enable service providers to develop relationships locally. If services are to respond effectively to the evidence we present in this report and explore opportunities for signposting/referring, and collaboration, the first step is to map the services out there. Partners could include the Department for Communities and Local Government, the Money Advice Service, and the Early Intervention Foundation.

3. Workforce training for relationship support practitioners and debt advisers/financial advisers on the links between finances and relationships and how to respond.

Our data show this is something debt advisers and relationship counsellors want and would see a benefit from. This could be commissioned by the Money Advice Service and/or creditors. Mutual practitioner training would also offer opportunities for information sharing and establishing local partnerships between the debt advice and relationship support sectors.

4. Create an Innovation Fund to test out different ways of working collaboratively with families affected by debt and relationship difficulties.

This would draw on current examples such as the Breaking Point hardship fund pilot between Relate Gloucestershire and Swindon and Citizen's Advice Stroud. Further innovation funding could include testing the sequencing of relationship and debt support and at what point in families' journeys it is most effective to offer what intervention. (The £7m Money Advice Service What Works Fund could fund some projects, although it has a wider remit to test ways of improving financial capability.)

5. The UK Financial Capability Strategy should establish a Families and Relationships Steering Group to support delivery of the Strategy, and with its own action plan.

The action plan could focus on the intergenerational and relational context of financial capability, aiming to:

- Increase awareness of the links between relationships and finances and help consumers to understand the contribution of relationships dynamics to debt and financial capability and the importance of financial communication within relationships
- Working with the debt advice and relationship support sectors to increase awareness and aid better signposting as well as to test coordination/co-location
- Support the development of pilot interventions between debt advice and relationship support providers.

6. Stronger coordination is needed within government to join-up policy.

Siloed policy making has the potential for the unintended consequences of policy in one area to work against the objectives of another. Joined-up policy making reduces the risk of people falling through gaps, and leads to smoother customer journeys through different public services. A family relationships task force or cabinet committee focusing on the links between family relationships and family finances across government could achieve a coordinated approach, for example.

Access to relationship support

7. Government must fund free relationship support for low-income people with debt who are experiencing relationship distress, or pressure on relationships as a result of debt problems.

This would overcome the cost barrier to relationship support for families on low incomes and enable relationship support services and debt advice services to work more closely together and support greater signposting. Clients would be referred to relationship support by debt advice agencies such as Citizens Advice Bureaux, National Debtline, StepChange Debt Charity and other providers of free debt advice, and should have a choice of how support is delivered, including face-to-face counselling as well as online digital support.

Measuring relational and financial contexts

8. The Money Advice Service should recognise and explicitly focus work on the relational context for individuals' financial capability.

As our data demonstrates, family relationships – including how people communicate and respond to conflict – play a considerable role in determining adults' financial capability and management of money.

9. Creditors should undertake analysis of their customer support needs in relation to family relationships and problem debt.

This would identify the role creditors may play in signposting customers and providing support, for example funding relationship support for customers, or relationships training for debt advisers, to help to meet vulnerable customers' needs. This will deliver benefit to creditors as well as customers, as support with relationships is likely to help customers to manage finances and repay debts.

10. Local authorities and Clinical Commissioning Groups should regard being in problem debt as a factor that can negatively affect family relationships - especially in relation to impacting children and parent's mental health and wellbeing.

Counselling support for children, young people and families should recognise the pressures, stress and mental health problems that can be caused by being in debt.

11. 'Hidden debt' needs greater awareness and investigation.

Our evidence indicates a clear need to increase understanding of its effects, causes and occurrence across different demographic variables such as income-brackets, and to explore how families can be supported to have open communication about debt and recover from 'hidden debt'. Debt advice agencies should seek to record hidden debt (along with clients' relationship quality and not only marital status) as part of the client journey. This would enable a more detailed picture of the link between debt and relationship behaviours, and could flag the potential for relationship support alongside debt advice.

Preventative support

12. Government could make a major impact by supporting a programme of information, guidance and preventative support for relationships and finances, backed by a Government funded public awareness campaign.

The aim would be to increase understanding of the links between debt/finances and relationships. In addition to this support offer, the government should consider how information could be targeted at particular groups at important times of transition. For example, providing information on what living together means for finances and the ways in which relationships and finances can intertwine for new joint benefit claimants via JobCentres, or new joint tenancies via estate agents, utilising the information and guidance that already exists (Citizens Advice, Shelter, AdviceNow, Money Advice Service, etc.).

Breathing space

13. The Government must deliver on its Manifesto commitment to introduce a breathing space scheme for families with debt problems.

Commitments to introduce such a scheme were included in both Conservative and Labour 2017 manifestos so will garner cross-party support. The Government consultation¹³² on this is a welcome development; the Government must now work with the free debt advice

sector to ensure this provides adequate protection for families in debt. Giving families breathing space to an extended period of protection from default charges, mounting interest, collections and enforcement action would reduce stress and therefore potentially reduce the negative impacts on relationships from problem debt, enabling families to access debt advice and, if appropriate, relationship support.

Definitions of terms

Throughout this report the following terms are used in the descriptions of findings from our surveys. For clarification:

Benefit

[e.g. people who say that support would benefit them]

Includes those responding 'would benefit me a bit' and 'would benefit me a lot'.

Debt

For the purposes of this study, by 'debt' we mean owing money on things like a credit card, store card, overdraft, car finance, hire purchase agreement, loan, bill/rent arrears, etc. and we exclude mortgage debt and student loans

Important

Includes those who responded 'very important' and 'fairly important'

Negative'

Includes those who responded 'very negative' and 'fairly negative'

Often

Includes those who responded 'often', 'most of the time' or 'all of the time'

Problem debt

We follow the Money Advice Service's definition here, including people who are currently finding meeting monthly bills/money commitments a heavy burden AND/OR who have missed a bill payment in at least three out of the last six months

Relationship distress

A state of severe levels of relationship problems, with a clinically significant negative impact on wellbeing. Levels of relationship distress were estimated using data from the Understanding Society longitudinal survey, following the methodology employed in Relate's Relationship Distress Monitor (Sserwanja, I. & Marjoribanks, D. (2016) Relationship Distress Monitor: Estimating levels of adult couple relationship distress, London: Relate).

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