



HM Treasury

Financial Inclusion Strategy



Government of the United Kingdom
HM Treasury

Financial Inclusion Strategy

Presented to Parliament
by the Economic Secretary to the Treasury
by Command of His Majesty

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Foreword

Financial inclusion can transform lives. When people are financially excluded, participation in our economy and society more broadly can be limited – sometimes extremely so. But when people are included, a potential shock can become a manageable obstacle, and aspirations can become achievements. These benefits have knock on effects for our wider society, making financial inclusion a bridge to opportunity and an engine for growth. I want to see a financial services system which works for everyone, where people can access the products and services they need to build their financial resilience and achieve their goals.

We are focused on removing barriers and unlocking opportunity for people across the UK. This starts by equipping our young people with the tools they need to begin their financial lives. By making financial education a compulsory part of the primary school curriculum, we will ensure that children are supported to develop healthy attitudes to money at an early age. This represents a key intervention to build financial skills and confidence and will help young people navigate the financial system as they get older. However, equally important is ensuring that the right products are available to meet people's needs.

Too often, people are struggling to access day-to-day services because they have not been designed with them in mind. That's why we are backing an industry-led working group to embed inclusive design and ensure that diverse needs are put at the heart of product development. Too many people have little to no savings, leaving them vulnerable to financial shocks and the stress of having no safety net to fall back on. That's why we are empowering employers to support their workforce's wellbeing through payroll savings schemes, underpinned by a new National Coalition of Employers and backed by a regulatory statement from the Financial Conduct Authority. And when some people struggle to access safe, affordable credit, they can resort to using loan sharks. To combat this, we are strengthening our community finance sector and supporting a pilot 'small sum loans' scheme for banks and mainstream lenders, to be delivered by Fair4All Finance and funded by dormant assets.

This Financial Inclusion Strategy has been developed with the support of a Financial Inclusion Committee of consumer and industry representatives. I am very grateful to them, and the wide range of stakeholders who have given their time and expertise to inform the Strategy. I would also like to thank the experts through lived experience who shared their personal journeys with the Committee. I welcome the commitment from the devolved governments to continue working together with the UK government to improve financial inclusion.

This strategy sets out an ambitious programme of action to drive financial inclusion across the UK. But government cannot deliver this alone. That's why I encourage everyone to commit to making this strategy a reality – across the financial services sector, civil society, employers and our key delivery partners, Fair4All Finance and the Money and Pensions Service. I look forward to seeing the change that we can deliver by working together.



LUCY RIGBY KC MP
ECONOMIC SECRETARY TO THE TREASURY

Executive Summary

Financial inclusion means we can all participate fully in the economy, manage our money well, and plan for the future. The government has worked with consumer groups and industry to develop a comprehensive financial inclusion strategy which seeks to address systemic barriers and create opportunities for underserved groups across the UK.

The strategy has been developed with a focus on the cross-cutting themes of mental health, accessibility, and economic abuse; reflecting the particular challenges these issues can present for consumers in accessing the products and services they need. In response, the strategy includes both targeted interventions to address these challenges and seeks to embed a more inclusive approach across financial services which benefits groups who face different barriers to inclusion.

Digital Inclusion and Access to Banking

Access to banking is the foundation of financial inclusion. Despite progress in this area, a persistent minority remain excluded from the banking system and others struggle to transact in the increasingly digital financial world.

Our aim is that everyone should be able to access the banking services they need and benefit from the opportunities unlocked by digital inclusion, supporting people's economic participation, financial wellbeing, and independence.

This strategy will therefore:

- Make it easier for people who lack standard ID to open bank accounts, through a pilot partnership between the largest banks and the third sector
- Secure access to banking services through the rollout of 350 in-person banking hubs and cross-government work with industry to support digital inclusion
- Make financial products more accessible for the underserved or excluded, through a new government-backed industry working group on inclusive design.

Support for Savings

Savings allow households to manage unexpected expenses which in turn helps them avoid problem debt and improves their financial wellbeing. However, many do not have this safety net to fall back on if things go wrong.

Our aim is to create a culture in which everyone is supported to build a savings habit, building their financial resilience in the long term.

This strategy will therefore:

- Deliver regulatory clarity to enable employers to offer workplace savings schemes with confidence, which can help employees start and maintain a savings habit
- Launch a National Coalition of Employers to drive awareness and adoption of workplace savings schemes
- Drive uptake of the government's Help to Save Scheme to ensure those on low incomes are supported in their savings journey.

Financial Resilience through Insurance

Insurance provides households with the ability to weather financial shocks, but those most vulnerable to financial loss are often among those least likely to hold an insurance product.

Our aim is to close gaps in protection and ensure the insurance market is effectively supporting the financial wellbeing of households and vulnerable customers.

This strategy will therefore:

- Launch a pilot led by Fair4All Finance to explore the uptake of contents insurance among social renters in England
- Develop better support to help people find the most appropriate cover through a total signposting initiative
- Convene a working group on travel insurance for people with pre-existing mental health conditions, led by the ABI, working with the Money and Mental Health Policy Institute and the FCA.

Access to Affordable Credit

Access to credit allows consumers to manage payments and meet unexpected costs. However, some consumers can struggle to access credit which can leave them unable to make essential purchases or even vulnerable to loan sharks.

The provision of affordable credit to financially excluded people is a challenge that the financial services sector as a whole must rise to meet. Our aim is that people are able to access safe, affordable and responsible credit, and that they are protected from unaffordable or illegal lending.

This strategy will therefore:

- Launch a new £30 million fund to support credit union transformation in England, alongside common bond reforms to enable credit unions to grow in Great Britain
- Support a small sum lending pilot led by Fair4All Finance to help expand access to affordable credit in England
- Develop an approach to tackle the impact of coerced debt on victim-survivors' credit files.

Tackling Problem Debt

Problem debt has far-reaching consequences for individuals and communities. This strategy seeks to build individuals' financial resilience and prevent people from falling into debt. However, it also seeks to ensure there is support in place for those already struggling.

Our aim is that people in problem debt get fair treatment from creditors and the right support to get back on track with their finances.

This strategy will therefore:

- Ensure that more people can access specialist debt advice, through increased funding and more efficient services

- Make it easier for people to reach debt advice through referral partnerships
- Deliver fairer treatment for people in debt through improved public sector debt collection practices.

Financial Education and Capability

Where financial inclusion ensures people have access to the products they need, financial capability means they have the knowledge and skills to use these products and manage their money well.

Our aim is to embed financial education for young people, support families to build confidence at home, and expand access to high-quality money guidance and support.

The strategy will therefore:

- Make financial education compulsory in primary schools in England, as part of a new statutory requirement to teach citizenship, ensuring that children are supported to develop healthy attitudes to money at an early age
- Establish innovative routes to reach people with education and guidance on money, included targeted programmes for parents and carers, and scaling up the Money and Pensions Service's Money Guiders programme in settings such as healthcare and job centres
- Fund programmes to support financially excluded and underserved consumers to build their skills and confidence.

Action across the strategy will support the three themes of economic abuse, mental health and accessibility, particularly the work on inclusive design which is intended to make financial services more accessible to underserved groups. We are also taking action to address specific challenges which, in addition to the above, includes delivering an industry-led good practice guide on economic abuse for insurers; exploring options to expand the Mental Health Crisis Breathing Space Scheme to Northern Ireland; and supporting a new accessible cards initiative which will improve the consistency of accessible card features for blind and partially sighted people.

Addressing economic abuse is also a key component of the Government's wider agenda to tackle violence against women and girls (VAWG). The commitments set out in this strategy therefore support the aims of the upcoming VAWG strategy which will outline a new, transformative cross-government approach to tackle domestic abuse.

Introduction

Financial inclusion means that everyone can access the financial products and services they need to participate fully in the economy, manage their money with confidence, and plan for the future. The barriers to this are complex and often deeply entrenched. Tackling them requires a joined-up approach that draws on the expertise, resources, and reach of governments, regulators, industry and civil society.

This is why the strategy has been shaped by a Financial Inclusion Committee of both consumer and industry representatives and informed by wide-ranging stakeholder engagement. The Committee has played a pivotal role in identifying policy priorities and ensuring that the voices and lived experience of underserved groups are at the heart of this work. The Government also recognises that people's experiences are affected by different demographic characteristics, such as gender, ethnicity, and disability. The interventions outlined in the strategy will take these into consideration.

Three cross-cutting themes – mental health, accessibility, and economic abuse – have been embedded in the strategy. While there are a number of targeted interventions which relate to these themes, they have also been considered as part of wider action to address barriers across each chapter. This holistic approach is reflected in practical actions which support a range of consumer needs, from the government's commitment to the continued rollout of banking hubs for those who need in-person support, to the establishment of an industry working group to embed inclusive design in product development.

These cross-sector initiatives reflect the fact that no single organisation can deliver financial inclusion alone.

- The UK government plays a convening role to set direction and align action, but progress depends on harnessing the strengths of the wider financial inclusion ecosystem, including close collaboration with devolved governments on areas of devolved responsibility.
- The Money and Pensions Service (MaPS) helps people improve their financial wellbeing by providing access to high-quality money guidance and, in England, debt advice. MaPS also undertakes research into financial education and co-ordinates the UK Strategy for Financial Wellbeing, collaborating with partners across the UK to deliver plans for each UK nation. MaPS is undertaking a review of the UK Strategy for Financial Wellbeing to ensure the approach is complementary with other strategies and policies across the UK, including the Financial Inclusion Strategy.¹
- The Financial Conduct Authority (FCA) regulates financial services firms in the UK, setting standards for firms to meet and holding them to account where they don't. As part of this, the FCA makes rules and issues guidance so that consumers are protected and supported in their experiences with firms. More widely, the FCA's Innovation Services provide firms and fintechs with opportunities to test new ideas and technology to meet consumer needs in ways which promote inclusion and accessibility.

¹ [MaPS, UK Strategy for Financial Wellbeing](#)

- The financial services sector has a vital role in promoting financial inclusion, as the provider of products and services which people across the UK rely on for their everyday financial needs. The sector has a unique ability to innovate solutions which are targeted at the needs of their customers, making it easier for them to access and use products.
- To create further opportunities to test innovative approaches and support the delivery of financial inclusion initiatives, the government has committed a further £132.5 million to Fair4All Finance for work that improves access to financial products and develops individuals' ability to manage their finances in England.
- Tying these threads together, civil society and third sector organisations ensure that the needs of consumers are reflected in policy development and that the views of financially excluded people are fully represented, as well as delivering programmes which provide advice, education, and other forms of support to people in a range of circumstances.

As the barriers to improved financial inclusion span a range of policy areas, effective collaboration is essential. The UK government and devolved governments share an ambition to promote financial inclusion so that individuals, regardless of their background or income, have access to appropriate and affordable financial products and services. While financial services policy is the responsibility of the UK government, areas relevant to financial inclusion (like debt advice strategy and commissioning, and financial education in schools) are devolved, and responsibility for others is shared, such as support for those in financial difficulty. Where possible, the UK government and devolved governments will therefore work together to improve financial inclusion.

Only through coordinated action can we ensure that interventions are practical, scalable, and responsive to the evolving needs of individuals and households. Through this, the strategy will deliver greater financial inclusion, ensuring that everyone has the opportunity, support, and confidence to access the financial services they need to participate in the economy and wider society.

Digital Inclusion and Access to Banking

Access to banking is the foundation of financial inclusion. The ability to securely store money, receive wages, and make essential payments is fundamental to individuals' financial wellbeing and their ability to participate in wider society. Yet, despite significant progress instigated by the last Labour government, not everyone is able to access these benefits.

The reasons for exclusion are complex and interconnected. A small but persistent number of people cannot open a bank account, whether through a lack of standard forms of ID or awareness of the basic bank accounts firms are able to offer them. The government wants to see more people benefiting from the independence and security of access to their own bank account.

Others have access to banking products but are finding it increasingly difficult to access the services they need to manage them. The trend towards digital banking, while offering significant convenience and functionality for many, risks deepening exclusion for those who rely on in-person support and may struggle to access online services.

To address these issues, the government is working in partnership with industry and the third sector, ensuring that consumers can access the products they need to participate in the economy and benefit from innovation. By championing digital inclusion, the government is also seeking to unlock opportunities for people to manage their money and access financial products more effectively.

Increasing Access to Basic Bank Accounts

The ability to access a bank account is the first step to participation in the financial system and the economy. In recognition of the fundamental role everyday banking plays in people's lives, the largest current account providers are required to offer basic bank accounts.

A basic bank account is a straightforward account designed for those who do not meet the criteria for a standard current account. Basic bank accounts offer the same functionality as standard accounts, including the ability to receive wages, make payments, and set up direct debits. While they do not include overdraft facilities, they provide a stepping stone for consumers to access other products or, in time, a standard current account.

According to the latest FCA Financial Lives Survey, 0.9 million people remained 'unbanked' in 2024. The majority of this group (66%) are unbanked by choice – reporting that they do not want or need an account, with many able to access services through the accounts of others in their household or alternatives, such as pre-paid cards.

However, there remain a number of people who want to have their own account – who want to be financially included – but find themselves unable to access one. Among the unbanked who may not need or want an account now, there may also be those who would benefit from one in future.

To address this, the largest banks will pilot a cross-sector solution to the persistent challenge of opening an account without standard forms of identification. By the end of the year, an Identity and Verification Working Group will be convened, supported by UK Finance, to oversee the design and implementation of the pilot and explore enhancements, such as improving scalability and extending it to further types of customers. The Identity and Verification Working Group will report on progress to HM Treasury every six months.

Firms must identify and verify their customers as part of their due diligence obligations when opening an account. While they typically require standard forms of photo ID for this, they can adopt a more flexible approach depending on the circumstances of the applicant. However, it can be challenging for consumers, and those who support them, to navigate these more flexible routes as they are not widely advertised to prevent risks of fraud.

*As an adviser from a Citizens Advice Bureau in Scotland attested: 'There is simply no marketing on Basic Bank Accounts so most of my clients have no awareness of them. And then when they do apply, they are turned down. It's so disheartening.'*²

A lack of suitable ID is a particular problem for those who are homeless. This creates a vicious cycle: without an address, it is more difficult to open a bank account; without a bank account, it is harder to secure employment or stable housing. This is why HSBC partnered with Shelter who coordinate a network of local charities to certify the identity of people they support and, if needed, provide them with an address for the purposes of opening an account.

This scheme demonstrates the transformational impact of having access to a bank account, tackling both financial and wider forms of societal exclusion. As one beneficiary attested: *'I didn't have a bank account for 10 years because I didn't have a permanent address or photo ID. Getting that bank account made a whole world of difference to me. If you don't have access to a bank account, you are stuck – so I was ecstatic that I was able to get one open. Now I have a secure home, I'm able to pay my own bills and receive benefits for my daughters. It has helped me move forwards with my life.'*

Access to banking is a gateway to opportunity and participation in society.

Following a pilot run by UNLOCK, the Prisoner Banking Programme was established in England and Wales in 2010, with a similar scheme running in Scotland since 2017 and in Northern Ireland since 2023.

The programme allows eligible prisoners who are nearing release and require a bank account to open a basic bank account while still in custody. With this in place, they are better able to secure housing and enter employment, providing one of the key building blocks to reduce the cycle of reoffending and enable full participation in society.

Often, it is the case that civil society organisations are better able to reach underserved or excluded groups. With all major basic bank account providers now seeking to pilot partnerships with trusted charitable organisations, these organisations will be able to support their service users to access the products they need with greater simplicity and certainty.

² [Citizens Advice Scotland, Holding to Account \(2025\)](#)

Financial independence for victim-survivors of economic abuse.

Surviving Economic Abuse (SEA) report that 5% of women in the UK have experienced a partner or ex-partner try to control access to their personal bank account.³ Many also have a joint account with a partner or ex-partner which they are not able to safely access when they flee an abusive situation. However, their ability to open a new account can be limited by the actions of a perpetrator, either through withholding access to their ID or as a result of damage to their credit history through unpaid joint bills or coerced debt.

Access to a personal bank account is the first step to financial independence and the ability to rebuild from an abusive situation. We therefore expect that this intervention will help victim-survivors without standard ID to establish control of their own money with greater ease.

The government is also developing a new digital pass: a secure and privacy-preserving digital credential which will give people a free and easy way to prove who they are. This could be a valuable tool for financial services consumers in future, including those who may otherwise struggle to prove their identity. The government will be seeking views on how the new digital pass can be designed in an inclusive way to ensure that everyone who is eligible is able to access and benefit from one.

Securing Access to Banking Services

Digital banking services have transformed the way people manage their finances, offering convenience and flexibility. For the majority, online and mobile banking enables instant access to account information, payments, and support from their provider, reducing the need for in-person services and streamlining everyday transactions. These developments, coupled with further innovations like Open Banking, have brought significant benefits; in particular, the ability for digitally capable individuals to have a real-time picture of their finances and the products available to them at the touch of a button.

However, the pace of change has been significant. The Financial Lives Survey shows that 7% of day-to-day account holders (3.3 million) did not bank online or use a mobile app in 2024, compared to 22% (10.6 million) in 2017. This rapid shift towards digital banking comes in the context of widespread closures of high street bank branches.

In the 12 months to May 2024, one in five account holders experienced the closure of a branch they had been using regularly, an increase of five percentage points from 2020. While the majority responded by using digital banking methods (or increasing their usage), this shift was significantly lower among older consumers who are typically more reliant on in-person services. Access to these services is also a key concern for those living in rural areas who may need to travel further to reach in-person support.

This is why one of the first steps this government took was to agree a commitment with the sector to open 350 banking hubs by the end of this parliament.

³[Surviving Economic Abuse, Counting the Cost \(2025\)](#)

These shared facilities, operated in partnership with the Post Office, provide key services, like cash access and bill payments, as well as support from community bankers. Over 240 hubs have been announced so far and more than 180 are already operational and serving their local communities.

The Post Office also provides an important local network for everyday banking. The Post Office Banking Framework allows personal and business customers to withdraw and deposit cash, check their balance, pay bills, and cash cheques at 11,500 Post Office branches across the UK.

Alongside this, the government also remains committed to ensuring that cash is a viable payment method for those that depend on it. Recent access to cash rules by the Financial Conduct Authority have had a positive impact, and **the FCA has committed to undertaking and publishing a formal review of the cash regime's effectiveness in due course to ensure it is meeting the needs of consumers and businesses.**

While maintaining access to in-person services is key, we want to empower people to make the most of the benefits of digital services. HM Treasury is working closely with the Department of Science, Innovation, and Technology (DSIT) as it works to deliver the government's Digital Inclusion Action Plan.⁴ It is estimated that 1.6 million people in the UK are largely offline and millions more struggle to engage with the digital world due to a lack of access, skills, or confidence.

Digital exclusion significantly undermines financial inclusion. It makes it harder for people to access the banking services they need to manage their money day-to-day, and means they are less able or likely to shop around for other financial products and find it harder to contact their provider when they need to.⁵ The government wants to ensure everyone has the access, skills, support, and confidence to engage in our modern digital society and economy, whatever their circumstances.

Given the link between digital and financial inclusion, banks can play an important role in helping consumers access digital services and improve their digital capability.

Since 2022, Virgin Money has supported the Good Things Foundation's National Databank initiative. This has established a 'databank' in every Virgin Money bank branch where anyone in data poverty can receive a free SIM card loaded with 25GB of data a month for up to 12 months. So far, Virgin Money has distributed over 4,200 SIM cards to help get people online and support digital inclusion.

Many firms also have initiatives in place to help their customers improve their digital skills, ranging from the fundamentals of setting up an email address to managing their money safely online.

The Digital Inclusion Action Plan sets out the first steps the UK government is taking to tackle the issue of digital exclusion, including through a focus on boosting digital skills and confidence, and widening access to devices and connectivity. In recognition of this close link between digital and financial inclusion, HM Treasury is represented by the Economic Secretary at the Digital Inclusion Ministerial Group which meets quarterly to ensure digital inclusion is considered across government's work and identify opportunities for progress.

⁴ [Department for Science, Innovation, & Technology, Digital Inclusion Action Plan: First Steps \(2025\)](#)

⁵ [Financial Conduct Authority, Financial Lives Survey 2024 \(2025\)](#)

The Digital Inclusion Action Plan is UK-wide, and the UK government is working closely with the devolved governments to ensure coordination. DSIT is delivering a Digital Inclusion Innovation Fund in England to support community initiatives to get people online, with funding also provided in Scotland, Wales, and Northern Ireland. Work on the Digital Inclusion Action plan is also complementary to nation specific initiatives taken forward by the devolved governments, including the Scottish Government's refresh of its Digital Strategy, and the Welsh Government's Digital Strategy for Wales.

Through these measures we will secure the continued ability to access in-person support, while ensuring that people are able to benefit from the opportunities and convenience of digital services.

The National Payments Vision provides further opportunities to embed and support financial inclusion.

The National Payments Vision set out the government's ambition for a world-leading payments ecosystem delivered on next generation technology, where consumers and businesses have a choice of payment methods to meet their needs. As payment methods are increasingly digital, the government acknowledged the need to monitor and address the increased risk of exclusion of those who either cannot or do not want to use digital payments.

As HM Treasury and the regulators work with the sector to implement the National Payments Vision, a key focus is the renewal of underlying infrastructure for retail payments to drive innovation in products and services across the ecosystem.

End-user views have been central to this work, and the July 2025 update from the Payments Vision Delivery Committee highlighted that end-users will input meaningfully to the design of new infrastructure, led by the Bank of England's new Retail Payments Infrastructure Board. HM Treasury and the regulators will also consider the importance of financial inclusion as they develop the Payments Forward Plan, which will set out a sequenced plan for future payments initiatives.

HM Treasury's upcoming legislative agenda provides further opportunity to support financial inclusion in payments. HM Treasury is developing secondary legislation to further progress Open Banking. This will enable the expanded use of innovative products like Variable Recurring Payments (VRPs), an Open Banking-enabled payment technology which offer users greater visibility, flexibility, and control of their finances. For example, VRPs can allow consumers to change the amount of a repayment due from their account or make extra payments which correspond better with their income pattern and cash flow.

To deliver these benefits swiftly, the FCA, with support from the Payment Systems Regulator (PSR) is assisting an industry-led initiative to establish a sustainable commercial model and the operational requirements necessary to drive progress on VRPs. Following this, the FCA will reflect on the progress made to take forward work on the overall framework for Open Banking payments.

Industry innovation has a key role to play in delivering digital inclusion and effective collaboration can support the most impactful outcomes.

The Connection Project is an example of a new cross-sector group working to shape practical solutions and aiming to develop an industry-led roadmap of interventions to support digital inclusion, including digital citizen segmentation. The government welcomes industry-led initiatives to improve digital and financial inclusion, recognising the crucial role of private sector innovation in developing solutions.

Designing Products for Everyone

Financial services products should reflect the diversity of their users.

The FCA's Consumer Duty outlines that firms must ensure that the design of a product meets the needs, characteristics, and objectives of their target market. As consumers' circumstances change over time, they can move in and out of vulnerability, and this makes it all the more important that the accessibility of products and services is baked in from the beginning and that where improvements can be made, they are made.

Inclusive design supports greater financial independence.

Project Nemo was founded in 2024 by Kris Foster and Joanne Dewar to highlight and address digital accessibility and the under representation of disabled people in financial services. Supported by the then Disability Ambassador for the Banking Sector, Kathryn Townsend, their work-to-date has focused on ways to improve everyday spending options for people with a learning disability.⁶

Concerningly, this work shows that in the absence of inclusive solutions, people with a learning disability and their supporters can resort to informal workarounds, such as sharing PINs, which are unreliable and can increase the risk of financial abuse.

However, this research also demonstrates that inclusive features can both support people with a learning disability to manage their money with independence and develop products that are more accessible for all. Two key features highlighted in the report are savings pots to help users to manage their everyday spending and a 'calm mode' innovation which switches to a simplified interface when users are feeling overwhelmed.

There are wider complexities to supporting people with a learning disability to manage their money and the best approach will be personal to each individual. However, Project Nemo's work shows how greater rollout and awareness of features which exist today can make a meaningful improvement for otherwise excluded or underserved people, and the benefits this can have across the market.⁷

Consumers with diverse needs can struggle to access and effectively use products and would benefit from services which are designed more inclusively and with greater consideration of their needs, particularly considering the pace of digital innovation.

To drive progress, an industry-led Inclusive Design Working Group will be established to examine where financial products and services can be made more accessible.

There are a range of issues which could benefit from the focus of this working group and potential solutions which could help meet the diverse needs of consumers. For example, carers cards may have useful application for people who

⁶ Learning disability is defined as a reduced intellectual ability, usually identified soon after birth or in the early years, and will last a person's whole life. Many people with a learning disability, such as people with Down syndrome, may find everyday activities challenging and others will need to be fully supported in all areas of their life. People with a learning disability are likely to take longer to learn and need support to develop new skills, understand information or interact with other people. More information can be found on Mencap's website at: <https://www.mencap.org.uk/learning-disability-explained/what-learning-disability>.

⁷ Project Nemo, Safe Spending for Adults with a Learning Disability (2025)

rely on friends, family, or a carer to make payments due to a disability or illness, including mental health problems. As well as addressing barriers to access, this group may also consider safety-by-design features which can support victim-survivors of economic abuse. Individual firms have taken positive action on a number of these issues, and this group will therefore act as a forum to share best practice, identify where gaps remain, and consider whether industry-led guidance or standards are needed which can be adapted to individual firms' product offering. Where appropriate, the group will also identify who is best placed to take these standards forward.

The group will be supported by UK Finance. It will bring together representatives from UK Finance members, the Association of British Insurers (ABI), and the third sector. It will meet quarterly, beginning in early 2026, and will report on progress to HM Treasury every six months.

While government and the FCA will play a supporting role where needed, it is right that this work is industry-led. Firms have direct insight into how people interact with products and services day-to-day, enabling them to identify the practical barriers individuals face and develop solutions tailored to those needs. Regulatory frameworks set expectations on how firms should act to deliver good outcomes for their customers, including those in vulnerable circumstances. This outcomes-based approach gives firms the flexibility to innovate and adapt their offerings to different customer groups and circumstances. The government and regulators will support and enable this work, but industry leadership will help ensure that standards reflect real-world experiences and drive meaningful improvements across the sector, with key input from consumer groups and charities.

Inclusive design from the outset helps to prevent unintended consequences for consumers.

In recent years, the phasing out of tactile features from payment processes has made it more difficult for people who are blind or partially sighted to make payments independently.

*Following the transition from embossed to flat payment cards, the Royal National Institute of Blind People (RNIB) is working with UK Finance and providers to introduce accessible features, such as notches to aid the identification of bank cards and guide the orientation of cards in payment terminals (based on specifications developed by Mastercard) and higher colour contrast designs to help distinguish between cards. This is a welcome initiative and a positive example of industry and consumer representatives working together on tangible solutions. In the coming weeks, **UK Finance will launch a Code of Practice for Accessible Cards, providing a set of guidelines for accessibility features on card products for participating firms.** As part of this, UK Finance is finalising how the largest providers will adopt the same core accessibility features on card products opted in to the Code, helping to support greater consistency for consumers across the sector.*

The experiences of blind and partially sighted people and other people with accessibility needs also demonstrate the need for a whole systems approach to inclusive design. For example, in response to the increasing prevalence of touchscreen card readers, UK Finance has supported retailers to choose accessible terminals, including publishing guidance on terminals which meet accessibility standards and developing a discussion paper which will consider ways to go further. However, available solutions can only go so far without businesses embedding them in everyday practice, such as by training staff on how to use accessibility modes and offering them to consumers.

In response to UK Finance's discussion paper, the British Retail Consortium (BRC) provided feedback on where accessibility features can make the most difference in practice. Going forward, the BRC and UK Finance will work together to identify opportunities to embed these features where consumers need them most, so those who are blind or partially sighted or have other accessibility needs can make payments securely and independently.

The establishment of the Inclusive Design Working Group will provide the impetus for industry to both improve the accessibility of products for consumers and support wider adoption of innovations where appropriate through the sharing of good practice.

A financial services sector that is representative of society can be a catalyst for financial inclusion.

In some organisations, as many as 80% of senior leaders come from higher socio-economic backgrounds, compared to 37% of the UK working population. By drawing on talent from every socio-economic background, the sector can approach financial inclusion with wider perspective and help strengthen trust with consumers.

Progress Together is working with the financial services sector to boost socio-economic diversity at senior levels and help achieve positive outcomes for the sector and its customers.

Conclusion

Together, these steps will ensure that everyone can access banking services and function effectively in an increasingly digital society. In turn, this will support their economic participation, financial wellbeing, and independence.

Support for Savings

In 2024, 10% of adults had no savings at all, and a further 20% had less than £1,000.⁸ These figures are mirrored in low financial resilience scores, with 9% of adults unable to cover a week's worth of living expenses if they lost their main source of household income. This was the case for three in ten single parents, underlining the importance of the government's wider work to tackle child poverty of which this strategy is part.

A savings habit can help households weather unexpected expenses, reduce their need for credit, and improve their wellbeing by providing peace of mind that they have a safety net if things go wrong.⁹ The potential prize is clear, with new research by Bristol University supported by the Building Societies Association (BSA), showing that having £2,000 or more in savings is associated with a 60% reduction in the risk of a household falling behind with bills.¹⁰

The level of savings households should aspire to will vary depending on their circumstances, particularly their ability to prioritise savings over immediate needs. Savings can play a varied role in households' financial resilience – helping some approach long-term financial shocks, such as a job loss or the onset of a long-term health condition, and others with unplanned short-term expenses, such as a car repair, which can have significant financial consequences for those without the means to meet them.

While saving is important for everyone, this strategy focuses on the importance of building an emergency savings pot – small, accessible savings that can make the difference between a manageable setback and a financial emergency.

Encouraging Payroll Savings

Payroll savings schemes allow employees to save directly from their salary and are a proven way of helping people start and maintain a savings habit. This form of saving has been found to be particularly beneficial for people on lower incomes and those who have previously found it difficult to save.¹¹

As a payroll savings user told the Money and Pensions Service: "I finally managed to store away a small pot for any emergencies, it gives me peace of mind if I have any needs with the house or the car."

⁸ FCA, FLS 2024 (2025)

⁹ University of Bristol, Understanding the Role of Savings in Promoting Positive Wellbeing (2024)

¹⁰ University of Bristol, Understanding the Role of Savings in Building Longer-Term Financial Security (2025)

¹¹ MaPS, Payroll Savings Schemes: Building the Evidence, Making the Case, Expanding Take-up (2022)

Employers have a key role to play in supporting financial resilience and can do so through payroll savings.

The Ministry of Defence (MoD) has been running a payroll savings scheme for members of the armed forces family since 2015; 25,171 Service Personnel, Veterans and Civil Servants are members of Joining Forces which is supported by Serve and Protect Credit Union, PlaneSaver Credit Union, and London Mutual Credit Union. Many NHS Trusts in England now also provide payroll savings schemes for their staff.

Following a pilot with the Animal and Plant Health Agency, Rural Payments Agency, and the Veterinary Medicines Directorate, a payroll savings scheme, alongside other employee benefits, has recently been launched for staff working at the Department for Environment, Food, and Rural Affairs (DEFRA), the Environment Agency, Natural England, and the Marine Management Organisation.

Research from Nest Insight, funded by MaPS, the BlackRock Foundation, and JPMorganChase, demonstrates that payroll savings can effectively help people to save if behavioural support is put in place, and indicates that there is no adverse effect on pension contributions.¹² However, the number of employers across the UK offering these schemes is notably small relative to the scale of potential impact.¹³

To help promote uptake, the FCA has published a landmark regulatory statement to give employers and savings providers the clarity and confidence they need to offer workplace savings as a valuable benefit to their employees.¹⁴

This recognises the enthusiasm expressed by a growing number of employers and savings providers to make payroll savings available, and addresses the perceived barriers to taking this step, such as concerns over regulatory boundaries, financial promotions, and national minimum wage rules.

Alongside this, **MaPS, The Investing and Saving Alliance (TISA), and Nest Insight will bring together a national coalition of employers to further encourage the take-up of payroll savings**, including the healthcare provider Bupa Care Services, The Co-op Group, and the recycling and recovery company SUEZ UK. The coalition will be supported and informed by other organisations including the Building Societies Association (BSA) and the Chartered Institute of Payroll Professionals. Over the coming years, the coalition will seek to encourage more employers to implement payroll savings schemes for their employees and will continue to engage with savings providers who are innovating to achieve greater impact beyond the traditional opt-in models.

¹² Nest Insight, *Easier to Save: opt-out payroll savings* (2025); Nest Insight, *Workplace Sidecar Saving in Action* (2023); MaPS, *Using Behavioural Science to Help Employees Save* (2022).

¹³ DWP, *Employer Survey* (2024).

¹⁴ FCA, *Statement on Workplace Savings Schemes* (2025).

Innovative approaches to payroll savings can support greater take-up.

Research by Nest Insight shows that the highest rates of participation in payroll savings schemes are secured when the set-up process is made as simple as possible via an opt-out or autosave model which enrolls employees automatically unless they choose not to save.

The recycling and recovery company, SUEZ UK, operates an autosave scheme through which its new staff members have a savings account created for them and are signed up to save automatically via payroll if they don't opt out. The participation rate in this scheme is 48% among new joiners, who save an average of £40 a month with the credit union, Transave UK. The autosave scheme is popular with employees and has supported those who previously did not have savings and those who lack financial confidence to get started with saving.

The healthcare provider Bupa Care Services and the Co-op have both rolled out an autosave model to their staff via their employee benefits provider. Regulatory considerations were addressed as part of the standard sign-up journey for the benefits app. Participation by month four of the trials rose to 69% of eligible Bupa employees and 67% of eligible Co-op employees. Across both employers, average savings balances were £96 after four months and £170 after eight months. Over time, participation in payroll savings at Bupa has risen to 40% of all employees (not only the population of employee benefits app users) and continues to climb month on month, with more than 5,300 Bupa employees saving each month.

All three organisations believe that supporting more of their colleagues to save has had a positive impact on their business priorities, including reducing absences, making it easier to fill shifts, and being better able to maintain continuity of staff.

The government is supportive of employers offering payroll savings, including exploring how innovative models and behavioural support can boost take-up, recognising the positive impact this can have on financial inclusion and resilience.

However, payroll savings only support those working for a participating employer. **The Department for Work and Pensions (DWP) has provided further funding for the next phase of research by Nest Insight into savings for self-employed people.** While the focus of this research will be on retirement savings, rather than the emergency savings buffer that this strategy seeks to address, Nest Insight will also explore the role that an accessible savings pot could play alongside a retirement saving model for the self-employed.

Expanding Help to Save

The Help to Save Scheme encourages people to develop a regular savings habit by providing a 50% government bonus on savings of up to £50 per month for eligible participants.

HMRC research on the impact of the scheme found that it has positive impacts for users, with 66% of Help to Save customers reporting improved financial circumstances. Nearly half of users of the scheme were saving more money (47%) and more frequently (42%) at the time of HMRC's survey than before using Help to Save.

While the scheme has been effective for those who use it, overall take-up has been low. That is why, **in April 2025, eligibility for the scheme was extended to all Universal Credit claimants who earn £1 or more, meaning around 3 million people will be able to benefit from the scheme.** This builds on the scheme's proven success in helping people develop a regular savings habit and strengthens the government's long-term focus on improving the financial wellbeing of low-income households.

Championing A Cross-Sector Approach

To support people to begin and maintain savings habits, the government believes that a truly cross-sector approach is necessary. Savings providers therefore have a role in raising the profile of savings in the UK, such as through initiatives like the BSA's UK Savings Week, and encouraging their customers to build financial resilience.¹⁵

To support this, **MaPS has updated its Savings Charter which sets out a series of commitments for savings providers.**¹⁶

Participating banks, building societies, and credit unions seek to help their customers start a savings habit and set savings goals which reflect their individual circumstances. As part of this, they can consider embedding principles of inclusive design and their role in wider initiatives, such as the payroll savings programmes outlined above.

Product design and wider support can help people start a savings habit.

Across the sector, firms offer products designed to encourage small, regular savings. Many also provide in-branch support through conversations about savings goals, and digital savings tools and budget calculators.

UK Savings Week provides a focal point for conversations about savings, with Yorkshire Building Society's UK Savings Week 2024 activity leading to 17,000 members beginning to save regularly – a testament to the power of targeted engagement.

While UK Savings Week is an opportunity to drive progress, its principles apply year-round.

Conclusion

Together, these measures will ensure that people are supported to start a savings habit that will build their financial resilience in the long term.

¹⁵ [Building Societies Association, UK Savings Week 2025](#)

¹⁶ [MaPS, The Savings Charter](#)

Financial Resilience Through Insurance

In addition to emergency savings, insurance products provide households with the ability to weather financial shocks. For those on low incomes, access to appropriate insurance products can be particularly important, yet they are often the least likely to be insured and most vulnerable to financial loss.

The decision to purchase certain insurance products is not always straightforward for consumers who may need to prioritise immediate and essential expenses over products that protect against future risks. This strategy therefore seeks to address some of the wider gaps in insurance take-up and ensure support for vulnerable customers.

Protecting Household Belongings and Income

Contents insurance is one of the most significant and persistent gaps in cover for more financially vulnerable groups. The Financial Lives Survey shows a disparity in take-up between different housing tenures, with two-thirds (67%) of renters not holding contents insurance in 2024, compared to just one in ten (11%) of homeowners.¹⁷

There are a number of factors which account for this low uptake, including the fact that tenants may not own the appliances and furniture in their accommodation and prioritise their income on more immediate needs as outlined above. However, for those on low incomes who may not have a savings buffer, their options to replace household items are limited; often to borrowing which affects their ability to prioritise other financial commitments going forward.¹⁸

Designing products with coverage costed to fit the needs of those on low incomes is a positive step, as demonstrated by existing initiatives in the sector. However, frictions and inertia can mean that take-up of these products remains low and there are many who continue to face financial shocks without protection.

To address this, Fair4All Finance, working with the FCA, will partner with the insurance and social housing sectors to explore different methods of increasing contents insurance uptake for social renters.

This will consider approaches to reduce friction, raise awareness, and increase uptake and choice. In addition to examining the effect on take-up, this programme will consider how well consumers understand the product and its impact on their financial resilience.

Supported by dormant assets funding, Fair4All Finance will launch this work with an expression of interest for participating firms in Q1 2026, with the aim of sharing lessons and findings for the wider insurance and social rented sectors by the end of 2027.

As well as protecting household belongings, insurance can also protect earnings. Income protection insurance helps promote financial resilience by replacing a portion of income if an individual is unable to work due to illness or injury. Many

¹⁷ FCA, FLS 2024 (2025)

¹⁸ Aon, Contents Insurance Comfort (2021)

employers offer group income protection products for their workforce which pay a higher percentage of their salary than statutory sick pay and typically include additional support to prevent ill-health escalating and help people back into work. This demonstrates the significant role employers and insurers can play in supporting financial resilience.

The choice for people with limited financial flexibility to self-insure is less straightforward and requires them to balance immediate financial needs with future protection. However, there are groups – particularly the self-employed – who lack the same routes (an employer) to accessing insurance as others and could benefit from increased awareness of the support available through income protection insurance. Industry could in turn gain from increasing its understanding of how it can serve the needs of those who would particularly benefit from these products but are not currently covered.

The insurance sector will work with Fair4All Finance to explore gaps in income protection products for groups who may see significant benefit from cover, including the self-employed, with the aim of increasing awareness of income protection, improving overall uptake, and informing future product development.

Tackling Motor Insurance Costs

Motor insurance is a necessary cost for drivers across the UK. In recent years, the cost of motor insurance policies has increased, with average premiums rising due to a range of factors including higher claims costs and inflationary pressures. According to the ABI, the average comprehensive premium reached £635 in 2024, though it has since fallen to £562 in mid-2025.¹⁹

In October 2024, the government launched a cross-government taskforce to tackle the high costs of motor insurance. This taskforce has a strategic remit to set the direction for UK government policy, identifying short and long-term actions that may contribute to stabilising or reducing premiums, while maintaining appropriate levels of cover. This is part of the government's manifesto commitment to act on the high cost of insurance for drivers.

In July, as part of the taskforce's work, the FCA published analysis exploring the drivers of increasing motor insurance premiums. This showed that higher premiums have largely been driven by increased claims costs (such as for repairs, labour, and parts), rather than by increased profits.²⁰ The FCA will publish further work on the motor insurance market, including considering the cost of insurance across specific customer groups, later this year.

The taskforce will publish a final report, focusing on actions that may stabilise or reduce motor insurance premiums, in the autumn.

Alongside the work of the taskforce, the FCA also launched a market study into premium finance. Premium finance allows people to pay for insurance in instalments, rather than as a single annual payment. This helps spread the cost for those who are unable or choose not to pay upfront. However, this generally costs more overall and there has been concern that the interest rates charged by premium finance providers have not always been proportionate or fair value for consumers, particularly as those in financial difficulty are disproportionately likely to use premium finance.²¹

¹⁹ [ABI, Quarterly Motor Claims Hit Record High \(2025\)](#)

²⁰ [FCA, Motor Insurance Claims Analysis \(2025\)](#)

²¹ FCA data shows that 81% of those in financial difficulty pay their premium in instalments, compared to 49% of all policyholders. [FCA, FLS 2024 \(2025\)](#)

In July, the FCA published an interim report which found that providers of premium finance incur material costs to provide the product. However, there were also parts of the industry, particularly where higher APRs are charged, where the FCA questioned whether these products are providing fair value.

The FCA is carrying out further analysis into the market and will issue its final report at the end of 2025. This includes engaging with firms on their pricing models, and how they are providing fair value to customers.²² While the FCA is not currently considering caps, mandating 0% APR products, or banning commissions as options, it will conduct further analysis and take action where necessary to achieve more positive outcomes for consumers.

Finding the Right Product

It is important that the right insurance products are available for the diverse needs of consumers, and that they are able to navigate the market to find the most suitable product for them, at the best price. In the two years to May 2024, just under half of adults applied for the most common general insurance and protection products, with only 2% of applicants refused. However, in the same period, there was a larger picture of consumers who ‘self-excluded’ as they thought they would be ineligible and others who felt the price or terms of the policy they were offered were unreasonable. These issues are compounded when consumers are not able to easily navigate the products available.

In 2020, the FCA introduced rules which require firms to signpost customers with pre-existing medical conditions (PEMCs) to a directory of specialist travel insurance firms which are willing and able to cover customers with more serious PEMCs.

Two travel medical directories were approved for this purpose: the British Insurance Brokers’ Association (BIBA) Find Insurance service and MaPS’ MoneyHelper service.

The FCA’s review of this intervention found that most specialist providers were able to offer a policy to those who used the directory, and that this was helping a higher proportion of consumers with more serious PEMCs to find cover.

The British Insurance Brokers’ Association (BIBA) will work with insurers to implement ‘total signposting’. This is intended to help consumers more easily navigate the market and find alternative providers.

The initiative will build on existing signposting agreements on age, flood risk, medical conditions, and protection insurance which have helped more than 1.7 million people access insurance more easily.

Total signposting will ensure that all classes of retail insurance are covered, meaning consumers will be better informed and able to access the options available to them. To complement this, BIBA will review its current Find Insurance service’s ability to assist financially vulnerable consumers and use the learnings from this review to inform the development of total signposting. Alongside this, MaPS will consider how total signposting developments can be reflected in its guidance and tools.

²² [FCA, Roadmap for Retail Insurance: Empowering Consumers and Strengthening Markets \(2025\)](#)

To reflect the role that price comparison websites (PCWs) play in consumer journeys, BIBA will also work with PCWs to help expand signposting in their services.

Supporting Vulnerable Customers

Even when consumers can more easily navigate to the products available to them, there remain barriers to access, including inconsistent support and a lack of trust in providers. Research from the Money and Mental Health Policy Institute shows that this can be a particular barrier to those with mental health problems, especially where they are not confident in how an insurer will treat information about their condition.²³

The introduction of the ABI Mental Health and Insurance Standards aims to address these concerns by establishing clear expectations for how insurers should support customers with mental health conditions, promoting transparency and consistency in how disclosed information is handled and helping rebuild trust.

Building on this, **the ABI will work with the Money and Mental Health Policy Institute and the FCA to convene a working group to build a shared understanding between industry and consumer groups of how travel insurance underwriting decisions are reached for those with pre-existing mental health conditions.**

This will support accurate risk assessments and consider how information about these decisions can be clearly communicated to consumers in a way which supports their choice of products and disclosure of relevant conditions. The working group will be convened for the first time in Q1 2026, and key discussion items will be shared with HM Treasury to ensure progress is made against this strategy's objectives.

Financial services firms also have a vital role in supporting customers who have experienced economic abuse. Understanding and recognising the signs of economic abuse allows firms to respond effectively and provide appropriate support to victim-survivors. Many firms have demonstrated significant progress, and it is important that this is built on to promote consistency across the sector. Good practice examples include providing specialist training for frontline staff and ensuring vulnerable customer support teams are equipped to deal with identified cases of economic abuse.

While a baseline of support is important across the financial services sector, particular challenges can occur in specific product areas. In insurance, this can occur when victim-survivors seek to separate their finances from their abuser.

Inconsistent approaches to amending or cancelling joint insurance products can mean that victim-survivors are unable to cancel a policy held with their abuser, or that their abuser cancels a policy which the victim-survivor relies on.²⁴

One victim-survivor reported the challenge they faced in separating a joint policy: *'I had no choice but to go back to my ex-partner and grovel so that he would speak to the insurance company and give permission for the home insurance policy to be changed to just my name. I shouldn't have been put in the dangerous position of having to approach him.'*

²³ Money and Mental Health Policy Institute, *Written Off? Making Insurance Work Better for People with Mental Health Problems (2023)*

²⁴ SEA, *Insurance and Economic Abuse (2023)*

Firms have made progress in addressing these issues, and the sector more widely has begun to take action to support customers who may be experiencing economic abuse.

In January, the Personal Finance Society (PFS) published a Good Practice Guide for financial advisers about economic abuse and life insurance policies.

This guide was co-developed by Surviving Economic Abuse (SEA) who report life insurance policies being used to control or intimidate victim-survivors of abuse, and the difficulties they can have in cancelling these policies. This has left some victim-survivors financially linked to an abusive ex-partner, and in other cases has meant an abuser stands to benefit financially from a victim-survivor's death.

The PFS guide seeks to provide practical options for financial advisers to mitigate the risk of life insurance being used as a tool of abuse and inform them about how the possibility of economic abuse should be considered in the products recommended to their clients.

However, there is more that can be done to embed good practice across the sector and prevent insurance inadvertently causing harm for victim-survivors. For example, the experience of repeating distressing information or facing a lack of understanding can cause significant stress for victim-survivors when they are trying to explain their circumstances to a provider. The experience of interacting with victim-survivors can also be challenging for customer-facing staff, particularly if they are not given adequate training to manage the harrowing cases they may encounter.

To ensure that customers and staff are supported to address economic abuse, **the ABI will develop a good practice guide to be embedded across the sector and inform the approaches of individual firms.** The guide will be published by summer 2026.

This will build on UK Finance's Financial Abuse Code to help ensure that victim-survivors do not need to repeat distressing details of their cases, and that staff are able to support them, with clear routes for escalation where economic abuse is disclosed or suspected. A number of insurance firms have made progress on this issue to date, and this guide will further embed good practice.

Conclusion

Insurance is a key tool to promote financial resilience. However, barriers to access and take-up persist, particularly for those on low incomes or in other vulnerable circumstances. Through the interventions set out above, this strategy seeks to close gaps in protection and ensure that the insurance sector is well-placed to support the financial wellbeing of households and vulnerable customers.

Access to Affordable Credit

Access to credit can help consumers to spread out repayment of immediate costs. For those who lack access to preventative measures, such as an emergency savings pot or appropriate insurance cover, it also allows them to manage unexpected costs.

Credit use across the UK is high, with 79% of adults holding at least one regulated credit or loan product. However, many are unable to access lending they can afford to repay and there is a gap in small sums of credit available to borrow over the short term. In the two years to May 2024, 15.3 million adults (28%) applied for one or more credit products. Of those who applied in the same period, 22% were declined, with the highest decline rates among those applying for high-cost credit and arranged overdrafts. A further 10% of adults avoided applying for credit because they thought they would not be eligible or would not be able to afford it.²⁵

Credit should only be extended where it is affordable to the borrower. When this is the case, the right product at the right time can prevent an unexpected cost from causing greater financial harm in the longer term. This requires that a balance is struck between financial inclusion and consumer protection.

The government's commitment to bring Buy-Now, Pay-Later products into regulation seeks to balance financial inclusion and consumer protection.

When offered responsibly, Buy-Now, Pay-Later (BNPL) products can help consumers manage their finances and spread the cost of purchases – usually for small sums – without having to pay interest. These products are now widely available at checkout across thousands of online retailers, offering consumers an accessible alternative to traditional loans.

However, the government recognises the risk that, without affordability checks and clear information about the consequences of missed payments, some consumers can accumulate multiple BNPL debts and face unexpected late fees. Consumer groups have reported increasing financial difficulty among BNPL users – for example, 4 in 10 interviewed as part of a MaPS survey were assessed to need debt advice and a similar number were at risk of falling into financial difficulty.²⁶

The government has made regulating the BNPL sector a priority. In July, Parliament passed legislation to bring BNPL products into regulation and allow the FCA to design tailored rules. The new regulatory regime for BNPL products will come into force in July 2026 and will ensure that users of BNPL products receive clear information, avoid unaffordable borrowing, and can access redress if issues arise.

This approach seeks to ensure consumers are protected, while also allowing these products to be offered responsibly where consumers choose to use them.

If consumers are not able to access products from a regulated firm, they can be forced to cut back on essential spending or to turn to an unauthorised lender (or 'loan shark'). According to the FCA's latest Financial Lives Survey, in 2024,

²⁵ [FCA, FLS 2024 \(2025\)](#)

²⁶ [MaPS, Buy Now Pay Later – The Customers and MaPS' Concerns \(2022\)](#)

approximately 300,000 adults said they had borrowed from an unauthorised lender, although the criminal nature of this lending activity means that the number of people in this position is likely underreported.

The government funds Illegal Money Lending Teams (IMLTs) across the UK to investigate and prosecute loan sharks. Since 2004, this has resulted in over £90 million of illegal debt being written off and more than 500 prosecutions. To secure further progress, in April this year, **the government committed £8.4 million to IMLTs**, funded by an FCA levy on consumer credit firms.

In addition to the IMLT's work to tackle this damaging crime, the government is seeking to ensure that people have access to safe alternatives which allow them to meet their financial needs. This strategy therefore seeks to support the provision of safe and regulated credit products which, when lent affordably, can enhance financial resilience, and explores alternative options which can also help households manage unexpected costs.

The Consumer Council of Northern Ireland's (CCNI) research on borrowing trends in Northern Ireland highlights some of the disparities between those who access regulated credit and those who borrow from illegal money lenders – “I have a £1,000 loan from the credit union to pay for things for my disabled son. I have been offered from doorstep lenders, but I won't take that money, it is too dangerous if you can't pay it back. My neighbour ended up paying six times what he borrowed.”²⁷

Supporting Community Finance

Community finance providers – credit unions and Community Development Finance Institutions (CDFIs) – play a crucial role in serving otherwise underserved groups. These organisations often have deep roots in their communities and, through this, a strong understanding of their customers' and members' needs. Their business model gives them the ability to take a more holistic view of a consumer's financial position, meaning they may be more able to lend to those who struggle to access products in the wider credit market. This lending not only meets an immediate financial need but can help build a positive credit history which can increase a consumer's ability to access a wider range of products in future.

Community finance providers can have a transformational impact on household finances.

Fair4All Finance's Affordable Credit Scale Up Programme seeks to help these organisations serve more people in financially vulnerable circumstances and to date it has committed over £40 million in social investments, grants, and guarantees to eight CDFIs and credit unions in England.²⁸ This programme demonstrates how dormant assets funding is delivering financial inclusion for underserved borrowers:

- *Of 176,000 loans made in 2024, 53,000 were extended to first time customers, breaking the cycle of exclusion that can prevent those with thin credit files from accessing products;*

²⁷ CCNI, *Disability, Finances and Debt – Households with a Disabled Person* (2022)

²⁸ Fair4All Finance, *Bridging the Gap: How Affordable Credit is Transforming Financial Inclusion* (2025)

- 79% of loans issued were less than or equal to £1,000, highlighting the need for access to relatively small sums of credit;
- 37% of loans were taken out by lone parents with dependent children, a group of people disproportionately likely to experience financial vulnerability which means they can struggle to meet unexpected costs.

Fair4All Finance's investees outperformed the market in 2024, with a growth of 33% compared with the c.7% growth elsewhere in the unsecured credit sector – demonstrating how investment in community finance can scale support for underserved consumers.

The government is committed to supporting community finance providers and, linked to this, has a commitment to double the size of the co-operative and mutuals sector.

As part of this, the government published a call for evidence in November 2024 which sought views on whether to reform parts of the common bond requirement for credit unions in Great Britain to ensure the legislative framework is fit for the ways in which credit unions operate in the market, in order to support the sector to grow sustainably for the benefit of its members.

The common bond – a characteristic or group of characteristics shared by all members, such as location or occupation – is responsible for the unique character of credit unions and ensures their organisational focus on the needs of their members is preserved. However, the structure of some common bond requirements can limit credit unions' ability to scale and serve new members.

The government will therefore bring forward a package of growth-focused reforms to the common bond. These will address the challenges the locality bond membership cap can present to credit unions looking to expand and merge, broaden eligibility requirements for non-qualifying members, and provide legal certainty on the changes credit unions can make to their common bonds.

The government is committed to ensuring that the legislative framework supports credit unions in Great Britain to serve their members and scale in a sustainable way.

In April 2025, the Department for the Economy in Northern Ireland launched a credit union consultation to seek views on the modernisation of the credit union sector in Northern Ireland to ensure it remains sustainable, inclusive, and responsive to the changing needs of its members and the wider economy. The consultation closed in July 2025.

It included questions on common bond requirements and explored whether changes should be introduced to enable credit unions in Northern Ireland to offer a wider range of products and services to their members, including, but not limited to, the ability to undertake insurance distribution activities (bringing them in line with credit unions in Great Britain). Subject to the outcomes of this consultation, legislation may be updated to reflect stakeholders' views on the sector's role.

Credit unions are often uniquely positioned to support underserved groups, helping them build a track record of repayment and encouraging savings. However, the barriers credit unions can face in scaling their services, particularly in the modern digital economy, mean that further action is needed to support the sector.

While membership of credit unions is growing, young depositors are in decline. Many credit unions are still relying on paper-based account management, leading to challenges in operational efficiency and making it difficult to acquire new members, particularly younger cohorts who are increasingly accustomed to digital product offerings.²⁹ Where credit unions wish to scale and increase their membership, they can also be hindered by a lack of investment or capacity to bring in greater technical expertise and introduce new products.

To help the sector adapt to technological and wider changes, **Fair4All Finance has dedicated £30 million of dormant assets funding to launch a Credit Union Transformation Fund in England which will support the growth of the credit union sector.**

This initiative will provide strategic funding to allow the credit union sector to sustainably scale to serve a greater number of people and support members. As part of this, the fund will support the sector in England to upgrade its technology, investing systematically in back-end operations and digital infrastructure to improve service offerings to current and prospective members.

The fund will be co-designed with the sector to ensure it is meeting the needs of credit unions and their members. This approach intends to identify cross-sector innovations which can be scaled to avoid duplication and allow a larger number of credit unions to benefit from the same digital services. Fair4All Finance will announce further details of this fund in Q1 2026.

Fair4All Finance is funded by the UK government via the dormant assets scheme to deliver financial inclusion initiatives in England. The Scottish Government has recently agreed revised directions for Scotland's share of dormant assets funding which includes financial inclusion for the first time. This will include a focus on access to affordable credit with delivery expected to build on existing partnerships within the community finance sector.

The Welsh Government has also provided funding to eight credit unions in Wales through the Loan Expansion Scheme. This seeks to give credit unions the ability to lend to customers who have an impaired credit history but can afford loan repayments. As part of this work, the Welsh Government has also supported credit unions with their marketing and outreach options across Wales.

Strengthening Cross-Sector Delivery of Affordable Credit

The community finance sector is well placed to meet the needs of otherwise underserved groups. However, it cannot meet these needs at scale alone.

The provision of affordable credit to financially excluded people is a challenge that the financial services sector as a whole must rise to meet. While support for the community finance sector has an important role to play, equally important is the role of mainstream financial services firms who have a greater reach than community finance providers and are often the first port of call for consumers who are seeking credit.

²⁹ [Future Finance, Challenges and Opportunities for Credit Unions \(2024\)](#)

High street banks offer a broad range of unsecured credit products to millions of people, operating at scale to serve the majority of credit need in the UK. Through this, they can support consumers with thin or impaired credit files to build their future eligibility for wider products, with a number of firms offering credit cards that allow customers to build their credit history, such as NatWest's credit builder card.

Open Banking provides a route to improved access to credit for those with thin or impaired credit files.

Capital One UK has recently launched an initiative to identify and evidence affordability and creditworthiness for consumers who would be declined a credit card, based on credit bureau data alone. Customers in certain risk brackets who would have been declined at the outset, are now given the option to link their Open Banking data to determine if they can be pre-approved on the basis of the additional insight this gives the lender.

Although this is a recent initiative, early findings show that many customers are willing to share data with positive results for their application – of the declined population that are offered and take the Open Banking route, a majority are then able to be pre-approved for a product.

The government supports efforts from mainstream lenders to provide responsible credit to underserved groups. Dormant assets funding can provide opportunities to test innovative approaches which is why **Fair4All Finance will run a pilot of a small sum personal loan product in England.**

A small sum loan is a fixed term product with a value of less than £1,000.³⁰ The pilot will see a mainstream lender test the offer of small value, short term instalment loans to support people's financial resilience. While these products are standard among community finance providers, they are not currently a common product among mainstream banks.

Fair4All Finance has launched a subsidy scheme to confirm a delivery partner for the pilot and will facilitate the testing with dormant assets funding. They are working with the FCA to explore how the pilot can benefit from the support of the FCA's Innovation Services and plan to apply to pilot the scheme through the regulatory sandbox.

More widely, where a customer does not meet the risk appetite of a mainstream firm, community finance providers may be better placed to serve them. Referrals partnerships can therefore expand consumer choice and introduce them to parts of the market which can meet their immediate financial needs and help build their future eligibility for wider products by demonstrating a history of repayment.

In July, the then Economic Secretary co-chaired a roundtable with Responsible Finance. This meeting brought together community finance lenders and banks to discuss the barriers to improving access to consumer credit; and was an opportunity to highlight initiatives already underway. The government is encouraged to see greater partnerships developing between the community finance sector and mainstream lenders and wants to see these continue to make progress going forward.

³⁰ A small volume of lending above this loan size (£1,000) may be permitted in the pilot if adjustments are driven by the demands of the target population and supported with evidence of consumer need.

Community finance and mainstream firms can work together to meet consumer needs.

Vanquis Bank's 'not yet' proposition seeks to identify applicants who may not be immediately eligible for its products but who might be in future. Instead of declining them outright, Vanquis refers them to its community finance partner, Fair Finance, which determines if the customer is eligible for its products and runs a check to see if they are receiving the benefits for which they are eligible.

Since December 2024, the initial pilot between Vanquis and Fair Finance supported more than 11,000 individuals, advancing £230,000 in loans and unlocking nearly £17 million in benefits.

The government also recognises that underserved consumers often receive support with their finances from wider organisations, beyond financial services firms themselves. We understand that there may be a role for such organisations to play in making consumers aware of the options available to them when they need access to credit.

Reflecting this, alongside reform of the Consumer Credit Act (CCA), **the government will consider the merits of credit broking exemptions being extended beyond registered social landlords to capture other organisations who play a role in supporting consumers with their finances.**

More broadly, advances in technology and changes in consumer behaviours mean that it is widely accepted that the CCA – which was introduced in 1974 – has not been able to keep up with these developments. The government intends to deliver a flexible regime which ensures consumers receive clear and useful information from their lenders, empowering them to make informed financial decisions while also ensuring robust consumer protections.

Supporting Customer Journeys

While the above actions will improve the credit application journey for consumers, making it easier for them to reach community finance providers and access the products they need, credit is not the right option for all consumers.

Where consumers have been declined for credit, firms can help them access the support they need.

Income maximisation tools can increase household financial resilience.

Income maximisation tools can be used to check individuals' eligibility for benefits, like Universal Credit, and wider initiatives, like Council Tax reductions or social tariffs. Incorporating these in customer journeys is an effective way of building the financial resilience of credit applicants through ensuring they are aware of the range of benefits to which they may be entitled.

Reflecting the advantages digital inclusion presents for consumer convenience and choice, many banking apps have a feature which allows customers to check their eligibility for these benefits. This not only provides a practical tool for consumers but can also help break the stigma which prevents some people from reaching out for the support they need.

Reflecting the benefits of income maximisation tools to consumers, **the government encourages lenders to consider integrating these into their customer journeys**, particularly where consumers' credit needs might be met by unclaimed benefits. This is not a solution for all consumers but does provide a meaningful benefit to those who may not be aware of the support that is available to them. In recognition of this, the Scottish Government is providing investment in 2025/26 to support the integration of income maximisation tools in credit unions' systems to build financial resilience among their members.

Innovation can also support consumers to manage their need for credit. The majority of low-income earners in the UK have fluctuating pay patterns, driven by zero-hours contracts, changing shift patterns, and combining multiple income sources.³¹ This can mean that some use credit as a tool to manage their cashflow and meet the monthly cycle of bills and expenses.

When lent responsibly, credit therefore provides an important function for consumers on fluctuating incomes. However, innovation in the market, such as Variable Recurring Payments (VRPs), can help match consumers' credit use to their income streams and, in some cases, has the potential to remove their need to use credit to manage cashflow through providing more flexibility and control over bill payments.

While these options can present a positive step in managing need for credit, there remain situations in which consumers need to access credit but are unable to do so. This is often the case for victim-survivors of economic abuse whose ability to regain financial independence can be hindered by coerced debt or joint products damaging their credit score.

Coerced debt occurs when a perpetrator forces a victim-survivor to take out a credit product. Perpetrators are also known to fraudulently take out a credit product in a victim-survivor's name without their knowledge or consent, to misinform victim-survivors about a credit product, and to cause arrears to accrue on joint products by failing to meet their obligations. This damages victim-survivors' credit scores and can mean that they struggle to access financial products long after the abuse has occurred.

To help address this, **the largest Credit Reference Agencies (CRAs) – Experian, Equifax, and TransUnion – lenders and trade associations are working in collaboration with the third sector to develop an approach to improve the way coerced debt is reflected on victim-survivors' credit files**. This will include consideration of how lenders should report data on affected files to CRAs, depending on the circumstances of the victim-survivor, with the aim of reducing detriment and making it easier for victim-survivors to access products in future.

This is a complex area with ongoing work needed to ensure any change to the data on a credit file does not negatively affect victim-survivors' ability to secure credit in future and, crucially, that victim-survivors are able to confirm that it is safe for their provider to make changes. The government is supporting this initiative and will continue to work with Surviving Economic Abuse, CRAs, creditors, and UK Finance as it develops.

We will also work with key stakeholders, including industry and the FCA, to explore how joint mortgages are used as a tool of abuse and how victim-survivors can be better supported.

³¹ [Nest Insight, Fluctuation Nation: Lifting the Lid on the Millions of People Managing a Volatile Income \(2024\)](#)

More widely, **the FCA is taking forward measures proposed in its Credit Information Market Study to improve the coverage and quality of credit information.** These measures will help facilitate access to affordable credit through providing lenders a more comprehensive view of consumers' financial circumstances.

Conclusion

Together, these measures will bolster the community finance sector, test innovative approaches, and make key changes to customer journeys, ensuring consumers are able to access safe and affordable credit to build their financial resilience.

Tackling Problem Debt

Problem debt has far-reaching consequences for individuals and communities, affecting not only financial wellbeing but people's mental health, relationships, and opportunities. While preventing consumers from falling into problem debt remains a priority, as reflected in this strategy's wider efforts to promote financial resilience, it also seeks to support those already struggling.

Increasing Funding for Debt Advice

Specialist debt advice is a crucial tool in ensuring people are supported in addressing their problem debt. However, there is a significant gap between the number of adults who would benefit from receiving debt advice, and those who do. In the 12 months to May 2024, 22% of UK adults in financial difficulty used a debt advice or debt management service, meaning the majority (78% or 3.5 million) did not access support, despite the benefit they would receive from it.

Debt advice disproportionately helps those who are vulnerable and supports them to regain control of their finances and negotiate with creditors.

Fatima is just one of the thousands of clients helped by debt advice services across the UK. She turned to Debt Free Advice, a London coalition of charities, for support with her debts totalling over £15,000. As a survivor of domestic violence, she was struggling with significant mental health challenges which exacerbated her financial difficulties and was also unable to work due to physical health issues.

Her local debt advice agency, South West London Law Centre, scheduled video appointments split across two sessions to work around her childcare responsibilities. Combined with face-to-face advice, this flexible approach ensured Fatima could explore her options in a safe and supportive environment, while balancing her responsibilities at home.

Together, they identified a Debt Relief Order (DRO) as the most appropriate solution to resolve her debts, and Fatima was supported through the application process by the MaPS-funded Money Wellness DRO Hub. This cleared her debts, giving her room to focus on her health and family and rebuild her financial resilience.³²

The gap between those who would benefit from debt advice and those who receive it is driven by a number of complex factors. Many individuals experience a sense of stigma or shame around seeking help for financial problems, which can deter the early engagement with advice services that could prevent their problems escalating further. Others may lack awareness that free support is available.

³² MaPS, MaPS Funded Debt Advice Impact Report (2024)

Debt advice sector capacity also affects the number of people who can access the support they need. That is why the UK government is working with MaPS and devolved governments to improve the supply of debt advice through increased funding and efficiency.

There are several important routes of funding for debt advice in the UK – the largest of these is the debt advice levy on financial services firms. In England, MaPS is responsible for distributing this levy funding to debt advice providers. The UK government also provides funding via the levy for debt advice services in Scotland, Wales and Northern Ireland, with the devolved governments responsible for delivering these services in their respective nations.

To expand access to debt advice, the government has allocated over £100 million from a levy on industry to MaPS from 2025-26, an increase of over 10%.

With this increased funding, MaPS will conduct its next commissioning exercise to ensure high-quality debt advice is available for those who need it most, through services and channels that meet their needs, both nationally and within communities.

The increased funding will build capacity in the sector, enabling people facing problem debt to receive timely, effective support, and help them get their finances back on track.

However, the drivers of debt advice need go beyond consumer credit to a range of sectors. In particular, the rising cost of energy bills has resulted in the highest levels of energy debt to-date.³³ While prices are now stabilising, the debt accrued by consumers remains high and continues to cause financial difficulty.

Reflecting this, the UK government is working with Citizens Advice and MaPS on a new service to provide additional debt advice support – the Consumer Energy Debt Advice service (CEDA) in England and Wales.³⁴

This will be funded through the existing energy advice levy to ensure the service can get up and running as soon as possible. Citizens Advice will work with partners Money Advice Trust and StepChange to provide people with advice on how to resolve their debts.

As well as addressing immediate financial difficulty, they will also help consumers access government funded energy efficiency or low carbon heating support schemes to help lower their energy bills in the longer term. Once fully mobilised, Citizens Advice estimate the service will reach 150,000 clients a year.

The levy used to fund this service applies to energy bills in Great Britain, so the Scottish Government has been allocated a proportion of the funding. This has been issued to three key stakeholders – Citizens' Advice Scotland, StepChange, and Advice Direct Scotland – to increase capacity for energy debt advice within the existing services which are funded by the Scottish Government.

³³ Ofgem, *Debt Strategy: A Reset and Reform for Customers in Debt* (2024)

³⁴ The levy used to fund this applies to energy bills in Great Britain. In Northern Ireland, the executive is delivering energy debt support through a combination of services.

Integration of services can support outcomes.

The Welsh Government has established a Single Advice Fund with an integrated delivery model which is designed to help people manage their debt problems, maximise their income, and connect to wider social interventions. This supports households to put their finances on a more sustainable footing, and from 2020 to 2025 helped people secure additional income of over £208 million.

The Welsh Government's commitment to a three-year grant funding award for Single Advice Fund providers enables them to plan their services more effectively and positively support their staff through longer-term employment contracts.

By strengthening and diversifying funding for debt advice, this strategy will ensure that more people in financial difficulty can access the support they need to get back on track with their money and build financial resilience in the long-term.

Enhancing Debt Advice Delivery

Alongside providing greater funding for debt advice, it is important that services are delivered as efficiently as possible to reach more financially vulnerable people.

The debt advice sector remains behind most financial services sectors in its use of technology which creates significant opportunities to enhance services for clients and improve back-office processes, including through innovations like Open Banking.³⁵

To take advantage of these opportunities, **MaPS will collaborate with partners to examine innovative approaches to debt advice delivery, including enhancements to triage models and use of AI tools in England.**

This will build on the successful results of the Debt Advice Modernisation Fund which was expanded in 2024/25 to meet the rise in complexity of consumer needs and explore how technological changes could address them.

The fund was designed to accelerate change, reduce bottlenecks, improve client journeys, and free up adviser time through better systems, smarter processes and more accessible tools. Projects were required to complete by March 2025, with a focus on real-world delivery and lasting impact.

Innovation has a significant impact on service delivery.

Lancashire Community Finance implemented a new case management system customised to the needs of their service and an integrated cloud-based phone solution with built-in AI transcription and summarisation capabilities. These changes saved advisers an average of 25 minutes per client and reduced case administration time by 37%. Adviser caseload capacity increased by 27% without compromising quality.

³⁵ [MaPS, Funding and Operating Models of the Debt Advice Sector \(2024\)](#)

“These changes have transformed day-to-day operations and have long-lasting benefits. Advisers now resolve cases more quickly and spend more time on client work, while maintaining high quality standards. This will become ever more important as the complexity and nuance of client debts increase.” – Lancashire Community Finance.

Following these results, MaPS will continue exploring how it can drive innovation and transformation through the use of technology in the sector.

People should be encouraged to engage with debt advice at moments of need.

*MaPS will collaborate with a range of partners across England to connect more people in need with high-quality debt advice. Often, people disclose their financial difficulties to organisations outside the debt advice sector before seeking support, such as their local GP or Job Centre work coach. **MaPS will leverage new and existing technologies – including the Money Adviser Network – to create entry points to debt advice and make it easier for people to access when they disclose that they are experiencing problem debt.***³⁶

Importantly, work to connect more people with debt advice at moments of disclosure will also seek to address the stigma associated with debt issues, helping people to feel more confident and supported when reaching out for help.

In addition to technology enhancements, the further adoption of existing efficiencies can help expedite processes and provide more consistent support to debt advice clients. The Standard Financial Statement (SFS) is a good example of this – it provides debt advisers with a tool to summarise an individual's income and expenditure, along with the debts they owe. This document has become a familiar part of the debt advice process and therefore allows the debt advice sector and creditors to more quickly achieve the right outcomes for people struggling with their finances.

To ensure the benefits of the SFS are maximised, **MaPS will take action to support the further adoption of the SFS among creditor organisations. MaPS will also work with the Government Debt Management Function (GDMF) to explore tailoring the SFS for public sector organisations**, making it easier for government to make repayment decisions based on information provided in an SFS.

Improving Outcomes for People in Debt

People in problem debt may need time to fully engage with the debt advice process to get the most out of it and find a way forward which best suits their circumstances.

The Breathing Space Scheme plays a key role in this for many people. It provides individuals in problem debt with a 60-day moratorium on creditor action – meaning no added fees or charges and no creditor communications. In recognition of the link between problem debt and mental ill-health – a key focus of this

³⁶ [MaPS, Money Adviser Network](#)

strategy – there is a separate Mental Health Crisis Breathing Space which allows debtors to access the same protections as a standard breathing space for the full duration of their crisis treatment.

Thousands of people in England and Wales currently benefit from the protections offered by this scheme, and those in Scotland are also able to benefit from a similar statutory moratorium implemented by the Scottish Government. Clients who access a breathing space are more likely to complete a full debt advice session and subsequently enter a repayment or insolvency solution to get their finances back on track.³⁷

The scheme is not currently available to those in Northern Ireland. A report commissioned by the Consumer Council for Northern Ireland (CCNI) found that the average amount of debt held by people in Northern Ireland is increasing, indicating that people are getting into more debt before they reach out for help.³⁸

The UK government is committed to ensuring everyone in the UK has access to the benefits of a Breathing Space Scheme. HM Treasury will therefore work together with the Northern Ireland Department for Communities to explore options to introduce a scheme in Northern Ireland. We expect this will have a particular benefit for individuals in problem debt who are also experiencing mental health problems, as this will include consideration of the implementation of both the standard and the mental health crisis elements of the scheme. This work will seek to ensure eligible individuals in receipt of mental health crisis treatment will be able to access protections for as long as their treatment lasts to help protect against their finances deteriorating further while they receive the necessary support and interventions for their mental health.

The solutions available to consumers to deal with their debt must also meet their needs and provide a sustainable pathway to get their finances back on track. These include insolvency solutions, overseen by the Insolvency Service in England and Wales, such as bankruptcy, Debt Relief Orders (DROs) and Individual Voluntary Arrangements (IVAs). IVAs are administered by private sector insolvency practitioners and are a formal agreement for a debtor to make repayments to their creditor for a set period of time before their debts are then written off. While an IVA can work well for many consumers, if it is not the right solution, it can leave consumers struggling to make repayments and prolong their time in debt compared to other more appropriate solutions.

Given the impact entering an insolvency solution can have on an individual's finances, it is important that people get clear and accurate information and/or advice before they enter an IVA, whether from an FCA-regulated debt adviser or an Insolvency Practitioner. The Insolvency Service sampled IVAs terminated within 0–24 months between September 2021 and 2023 and found evidence of poor take-on practices in 60% of cases examined, meaning the IVA may not have been suitable for the consumer from the outset.³⁹

To address poor practice in the IVA market, the Insolvency Service is working in partnership across the sector to deliver a package of reforms. This includes updating the IVA protocol to ensure that IVAs are only recommended when appropriate for the consumer and introducing a new key facts document to support informed consumer decision-making.

In the longer term, **the Insolvency Service is also undertaking a Personal Insolvency Review (PIR)** for England and Wales. This covers all of the personal insolvency solutions (bankruptcy, DROs and IVAs) and is intended to address the

³⁷ StepChange, One Year of Breathing Space (2022)

³⁸ Consumer Council NI and Advice NI, Debt Advice – A Complex Issue (2025)

³⁹ The Insolvency Service, Report into Individual Voluntary Arrangements (2024)

range of objectives a modern insolvency regime is required to deliver: relief to individuals in problem debt, fair distribution of payment among creditors, and appropriate sanction for misconduct.

The Insolvency Service published an update on its progress in June 2025 which has opened the possibility of a single insolvency process for the majority of people seeking to deal with problem debt.⁴⁰ This would cut through the complexity of the current system, though such a change in the insolvency regime will require time to develop and implement. The Insolvency Service continues to work on this issue to ensure that a new insolvency system serves the best interests of consumers.

Court processes beyond insolvency also provide important signals about problem debt. County Court Judgments (CCJs), recorded and analysed by the Registry Trust, highlight where debt has escalated into the courts and offer further insight into patterns of financial distress.

These collective measures seek to ensure that consumers are more able to access the right solutions for their circumstances and get their finances back on track.

Improving Public Sector Debt Collection

It is critical that the public sector takes a fair and responsible approach to collecting the debt owed to it. While this means identifying and supporting those who are in financial and personal difficulty, it also means facilitating the effective repayment of vital funds for services that UK citizens rely on such as healthcare, welfare, and education.

Fairness is a key consideration for all aspects of public sector debt collection. If people are having difficulty repaying, an appropriate, empathetic and supportive response can enable a successful recovery journey. Research from the Money and Mental Health Policy Institute shows that poor debt collection practices from public sector organisations can cause further distress to people in debt who are often struggling with mental illness and make it harder for them to recover both their finances and their health.⁴¹ Public sector debt collection practices should not cause or exacerbate harm to those who owe money.

While there have been past concerns about public sector debt collection practices, the government has made progress in improving how debt is resolved, particularly for those who are vulnerable. This has been driven by the establishment of a dedicated Government Debt Management Function (GDMF) and the publication of a Government Debt Strategy. The Strategy sets out government's ambition for preventing, resolving, and improving debt collection, with the aim of fair debt outcomes for all. The next iteration of the Government Debt Strategy, published in the Spring, will build on these priorities.

The GDMF lead the Fairness Group, a partnership between the government, the advice sector and private sector that makes evidence-based recommendations to improve government debt management. Through the Fairness Group, the government has published Public Sector Toolkits on vulnerability, economic abuse, and communications. These toolkits help public sector organisations improve fairness, drive further consistency, and raise standards in debt management.

⁴⁰ Copies of the PIR update can be requested from the Insolvency Service at: PIR.CfE@insolvency.gov.uk.

⁴¹ Money and Mental Health Policy Institute, *In the Public Interest? The Psychological Toll of Local and National Government Debt Collection Practices (2024)*

To ensure guidance within the Public Sector Toolkits is embedded as widely as possible, the government is launching a set of related training modules that all civil servants working in debt roles will be expected to complete. This builds on the establishment of a Government Debt Profession and will ensure all debt professionals are in the best position to assist customers with extra support needs.

The government is committed to better identifying and supporting victim-survivors of economic abuse who owe debt to government. The Economic Abuse Toolkit is designed to help organisations recognise and respond to economic abuse within debt recovery. To further this progress, **the government is committing to reviewing and updating the Economic Abuse Toolkit in early 2026.**

Ensuring that debt repayments are affordable and consider personal and financial circumstances is a key part of fair treatment during the debt resolution journey. While different parts of government have made progress embedding affordability considerations, ensuring consistency across government will help further raise standards.

The government will review its current approach to affordability assessments across departments. In addition, the government will increase understanding of how third-party affordability assessments might be better used in government which will include producing guidance on the treatment of income and expenditure forms submitted by individuals or a debt advice representative.

The Debt Fairness Charter outlines principles for the fair, transparent and consistent treatment of individuals who owe personal debt to central government. It also defines the responsibilities of individuals in resolving their debt appropriately. At its publication in 2024, government committed to review and update the charter on an annual basis. **In 2026, the government will review the Debt Fairness Charter, with a view to including strengthened commitments to the fair treatment of individuals who owe debt to the public sector.**

Local and central governments collect different types of debts using various collection methods, each governed by different legislation. While they operate in different contexts, there are also opportunities for alignment across both areas.

The way local authorities approach debt collection has a significant impact on the demand for their wider support services.

In April 2018, Barking & Dagenham Council launched a Homes and Money Hub service to assist residents of the borough with issues related to rent, council tax, and utility arrears. Through this, residents are supported to make payment arrangements for their debts, access grants for which they are eligible, and receive guidance on managing their finances.

As a result, in 2024/25, Barking & Dagenham have raised over £600k in council tax income and reduced rent arrears by over £700k. The council is transforming its frontline services and will launch a new service offering to replace the Homes and Money Hub in the next financial year.

Reflecting similar benefits, the Scottish Government is expanding its council tax debt project across Scotland to provide tailored support to households and work with local authorities to support good practice in council tax collection.

The government recognises that the way council tax has been administered in England is outdated and that there are significant opportunities to modernise the system to deliver fairer outcomes for low-income taxpayers. **This is why**

the Ministry of Housing, Communities, and Local Government (MHCLG) recently published a consultation designed to improve council tax billing, administration, and enforcement processes to better support vulnerable households.⁴² This seeks to ensure people are better able to keep up with their bills and help councils deliver improved frontline services.

MHCLG is currently reviewing the consultation responses and will publish its response in due course.

In a minority of cases, creditors within both the public and private sectors use enforcement agents, or 'bailiffs', to recover a debt. The Enforcement Conduct Board (ECB) provides independent oversight of the enforcement sector in England and therefore serves a crucial function in ensuring that such action is conducted in an appropriate and fair manner. Currently, the ECB operates on a voluntary footing which means that enforcement agents sign-up to their oversight.

The Ministry of Justice has consulted on how to legislate, when parliamentary time allows, to ensure that all enforcement agents are regulated to the same standards, overseen by the same independent body. While the majority of enforcement firms have signed up to voluntary accreditation by the ECB, this reform will ensure consistent standards and oversight and increase protections for vulnerable consumers.⁴³

Conclusion

Taken together, these measures seek to better support those in problem debt to get back on track with their finances and build financial resilience in the longer term. By increasing and diversifying the funding for debt advice and investing in opportunities to make services more efficient, this strategy aims to increase the ability of individuals to access the help they need and support fair treatment of people in debt.

⁴² Ministry of Housing, Communities, & Local Government, [Modernising and Improving the Administration of Council Tax \(2025\)](#)

⁴³ Ministry of Justice, [Regulation of the Debt Enforcement Sector \(2025\)](#)

Financial Education and Capability

Where financial inclusion ensures people have access to the products they need, financial capability in turn means they are able to understand them and, more widely, manage their money well.

However, over one in ten UK adults report low financial capability which has a significant impact on the way they act and feel about their finances. Half of adults with low financial capability feel overwhelmed or stressed when engaging with financial services, compared to 18% of those who view themselves as financially capable. Similarly, one in five with low financial capability don't feel able to shop around for financial products, compared to just 5% of their counterparts.⁴⁴ These figures are made more concerning by the fact that the times when people are required to take decisions about their finances are often when they are under other pressure or stress – such as a bereavement, job loss, or during periods of poor mental or physical health – which can further limit their ability to engage.

Low financial capability is also a particular problem for young adults (23%) which may reflect that less than half of children and young people are receiving a meaningful financial education at home or school, with concerning implications for their ability to organise their finances when they begin to live independently.⁴⁵

This strategy therefore seeks to ensure that people have access to the education and guidance they need to build their confidence and skills, so they can make the most of their money and manage it well.

Embedding Financial Education and Capability

Developing financial capability from an early age is necessary to equip young people with the tools they need to make informed decisions throughout their lives. Financial education in schools is a devolved matter but our shared ambition across the nations is to ensure that every child leaves school equipped with the knowledge, skills, and behaviours to approach financial matters with confidence.

In Scotland, the place of financial education in schools has been explored through the Curriculum Improvement Cycle which aims to support more consistent learning experiences and higher attainment. Education Scotland has led sessions with a range of stakeholders to explore how financial education can be more effectively integrated into the Scottish Curriculum. An update on the new approach will be published in a draft curriculum technical framework in summer 2026.

In Wales, financial literacy is included within the Curriculum as part of mathematics and numeracy. The Welsh Government has worked in collaboration with MaPS to develop financial education resources for schools which outlines steps schools can take to improve and enhance their provision and highlights the services and resources schools can use to support them as part of their curriculum design. In addition to this, the Welsh Government is working with practitioners, regions, local authorities, and Estyn to review the Numeracy Framework to ensure expectations for this vital skill are clear.

⁴⁴ [FCA, FLS 2024 \(2025\)](#)

⁴⁵ [FCA, FLS 2024 \(2025\)](#); [MaPS, Less than Half of UK Children have been Taught about Money \(2023\)](#)

Credit unions can play an important role in supporting financial capability.

Through the Welsh Government credit union grant programme, £500,000 per annum is provided to support thirteen community projects. These include the development of school savers schemes, delivered by Cardiff and Vale Credit Union, Celtic Credit Union, and Bridgend Lifesavers Credit Union. Through this, the Welsh Government is directly supporting 42 school savers clubs, helping pupils learn key financial skills.

In Northern Ireland, some credit unions and schools also work together to facilitate junior savings under a School Savings Scheme. This promotes an early healthy view of the importance of saving, financial independence, and money management. The recent credit union consultation in Northern Ireland also sought wider views on the role of credit unions in the delivery of financial education.

In Northern Ireland, financial capability, including money management and savings, is embedded as a statutory and integral element of the Northern Ireland Curriculum, with opportunities for teaching and learning occurring at all key stages. In August 2025, a Curriculum Taskforce was established to lead the design and development of a new curriculum framework which meets the evolving needs of learners across Northern Ireland.

In England, financial education is integrated in schools through mathematics and citizenship studies. At primary level, pupils begin to develop a practical understanding of money through the mathematics curriculum, learning to apply numeracy to real-life financial situations. Principles of financial responsibility, including the importance of saving, spending wisely, and understanding the value of money are embedded within the citizenship curriculum. However, this is not currently compulsory at primary level.

Secondary schools build on this within the mathematics curriculum, covering topics such as compound interest, and in citizenship, where pupils explore a range of financial concepts, including income and expenditure, credit, debt, and savings.

Financial education has been considered as part of the independent Curriculum and Assessment Review commissioned by the Department for Education (DfE). The review's Interim Report emphasised the importance that both children and their parents place on financial education, with 'finance and budgeting' highlighted as the top area in which pupils and parents would like additional focus.⁴⁶

Following the findings of the review, the government is committing to make financial education compulsory in primary schools in England, as part of a new statutory requirement to teach citizenship. This will help ensure that children are supported to develop healthy attitudes to money at an early age.

Alongside this, DfE will work in partnership with HM Treasury to drive a step-change in the quality and reach of financial education in England. This includes a renewed focus in secondary schools on the immediate issues which can affect young people's finances, ranging from the basics of how to properly budget to wider financial concepts like risk taking, which can help increase their employability and financial acumen. DfE will also take forward work to ensure that

⁴⁶ [Department for Education, Curriculum and Assessment Review: Interim Report \(2025\)](#)

financial education provision is effectively sequenced with relevant maths skills, such as calculating interest, to ensure young people are equipped with the tools needed for financial decision-making.

To ensure these changes benefit the greatest number of pupils in England, **the government is legislating through the Children's Wellbeing and Schools Bill, so that all state-funded schools in England will be legally required to teach the curriculum up to the age of sixteen.** This means that pupils at academies, which currently do not need to follow the national curriculum, will see equal benefit from changes to the curriculum, including financial education.

In addition to making these changes, **the government is committed to driving further progress and is exploring options such as participating in the OECD PISA 2029 Financial Literacy Assessment** which could provide a robust, internationally comparable benchmark on the financial capability of young people in England.

Together, these changes will create a modern curriculum which equips pupils with the skills they will need to navigate their financial futures.

School can support young people's first steps to manage their own money and their future financial inclusion.

The Scottish Government is developing a pilot alongside banks and third sector partners to ensure secondary school pupils in two local authorities have access to a bank account before they leave school. This will include a financial education programme which builds key money management skills for participating pupils.

If successful, this approach could be replicated in a wider range of schools across Scotland.

While school has a key role to play in providing financial education, parents and carers have a defining influence on their children's financial behaviours and decisions.⁴⁷ The vast majority of children and young people reported they would ask their parents for money advice if they needed it, but just over half of parents feel confident having these conversations with their children.⁴⁸ Parents and carers therefore need to be equipped with the skills they need to support children in building financial capability.

The 'Talk, Learn, Do' programme has been developed by MaPS for this very reason.

This initiative supports parents of 3 – 11-year-olds to talk to their children about money and, crucially, to create opportunities for their children to experience managing it. It was designed to train practitioners, like support workers and child and family practitioners, to deliver a face-to-face session with parents and carers and has since expanded to include direct to parent guidance available through the MoneyHelper website.

Evaluations of the programme have found that it increases parents' knowledge about financial matters and makes them more confident in talking to their children about money. In particular, the frequency of parent-child conversations about money increases with an emphasis on the importance of saving and

⁴⁷ MaPS, *Children and Young People Financial Capability Deep Dive: Parenting* (2016)

⁴⁸ MaPS, *UK Children and Young People's Financial Wellbeing Survey* (2022)

spending choices. Children also become more involved in basic family financial decisions and parents perceive them to have a better understanding of financial concepts.⁴⁹

Building on this success, in 2025 – 26, MaPS will pilot ‘Talk, Learn, Do’ through five family hubs and organisations in England that support families, with the goal of then seeking to achieve sustainable scale across the UK.

Expanding Money Guidance

Learning about money – whether at school, home, or in the community – is a key part of building young people’s knowledge and shaping their attitudes to finances as they move into adulthood. The government also wants adults to be able to access support and guidance when managing their money, particularly when they are facing a financial change or have not had the opportunity to develop financial skills earlier on in life. Through its MoneyHelper service, MaPS offers free, impartial information online and over the phone to people in all four nations of the UK.

MaPS is also working to integrate money guidance within wider support services through its Money Guiders programme. Through this programme, when an individual reaches out to a participating public authority or non-profit organisation, conversations about finances are included in the support they receive. As a result, any financial issues are identified quickly and frontline staff in these organisations are better equipped to respond to them. This means people can get support with their money at key life moments when this can make the most difference.

As a money guidance practitioner reflected, ‘It’s all really professional and accessible. It’s pitched at a level that can reach out to a really broad audience, e.g. a volunteer at a food bank or someone advising customers on the phone around benefits claims.’

MaPS will expand and enhance the Money Guiders programme to deliver quality financial guidance across the UK.

By leveraging the existing infrastructure and investment of a wide range of sectors, MaPS will enable millions more people to receive good quality help and support provided by an organisation they already know and trust.

Funding Financial Education and Capability

Ensuring everyone can access high-quality resources and support is a shared aim across governments, civil society, and the financial services sector, with a number of firms playing a crucial role in the funding and delivery of programmes.⁵⁰

Recognising this shared aim, the Department of Culture, Media, and Sport (DCMS) announced in June 2025 that, for the first time, dormant assets funding would be allocated to support financial education and capability in England. This will be delivered as part of the financial inclusion cause and marks a significant change in meeting the full ambition of the Dormant Asset Scheme’s financial inclusion focus.

Fair4All Finance will commit an initial £15 million to financial education and capability initiatives in England, with the option to scale its initiatives with further funding once they are established. It is important that dormant assets funding can leverage existing expertise in the sector. To achieve this, Fair4All

⁴⁹ MaPS, Talk Learn Do: Summary of Evidence (2022)

⁵⁰ MaPS, Financial Education Provision Mapping 2024 (2025)

Finance has launched a consultation on its financial education and capability programme, inviting input from stakeholders across the financial services sector and civil society.⁵¹

In keeping with Fair4All Finance's organisational focus, its financial education and capability consultation focuses on support for financially excluded and underserved consumers to build the skills and confidence they need to manage their money effectively. Fair4All Finance will also work with MaPS to assess the evidence and consumer need, and identify priorities for financial capability.

Following a series of workshops with the sector to ensure funding is targeted most effectively, Fair4All Finance will publish further detail on the distribution of funding by Spring 2026.

Conclusion

Taken together, these measures will embed financial education for young people, support families to build financial confidence at home, and expand access to high-quality money guidance for adults in moments they reach out for wider help. The introduction of dormant assets funding has the potential to unlock significant further benefits for financial education and capability, and will be shaped by the existing expertise of the sector.

This joined-up and ambitious approach will help consumers navigate their financial lives with confidence, ensuring they can make the most of wider efforts to improve individuals' access to the financial products they need.

⁵¹ Fair4All Finance, Financial Capability Consultation (2025)

Next Steps

This strategy seeks to improve financial inclusion across the UK, ensuring everyone has the opportunity, support, and confidence to access the financial services they need to participate in the economy and wider society. The coordinated action of industry, civil society, governments, and the regulators is key to deliver this, and **the strategy's implementation will therefore be reviewed two years from publication to provide an update on progress.**

As part of this, HM Treasury will consider a series of outcome-based metrics. While the trajectory of these metrics over time is dependent upon a number of factors, the successful implementation of the strategy is expected to have a positive impact on:

- UK working age adults who have savings, particularly those with savings between £1,000 and £2,000
- UK adults who are unbanked
- Reported use of loan sharks
- UK adults in financial difficulty
- UK adults who both need and use debt advice
- UK adults with characteristics of low financial capability, and UK adults with poor or low numeracy involving financial concepts
- UK adults able to confidently use online services to manage their money
- Financial capability of children and young people in the UK
- UK adults supported to find an appropriate insurance product through signposting

This strategy is the first step towards greater financial inclusion in the UK. Through its coordinated implementation, we can together ensure that everyone benefits from the opportunities the UK's financial services sector has to offer.

