

Tuesday 2 October 2018

## THE HEALTH COSTS OF RISING DEBT

A new report by the Glasgow Centre for Population Health (GCPH), raises concerns about the potential damage to mental and physical health from the high levels of personal, unsecure debt currently seen in the UK.

Published today to coincide with Challenge Poverty Week, the report highlights that personal debt, including credit cards, overdrafts and short-term loans, is at its highest level in the UK since before the 2008 economic recession – estimated by the TUC to be approximately 27 million borrowers having an average of £14,300 of debt in 2018.

The report also highlights that the reasons why people use unsecure debt have changed in recent years. Prior to the recession unsecure debt was typically used for larger purchases such as cars, televisions or white goods. Increasingly this form of debt is used to pay for food, rent and essential household utilities, as many people and families use debt ‘to make ends meet’.

The Financial Conduct Authority (FCA) estimates that 4.5 million (1-in-6) borrowers in the UK experience ‘financial distress’ and have difficulty coping with or repaying their debt. Evidence is clear that those with unsecure, personal debt are more likely to have mental disorders including depression, anxiety, problem drinking and even suicidal thoughts; there are also established links to physical health problems.

Chris Harkins, Senior Public Health Researcher at the GCPH and author of the report said: *“The evidence reviewed paints a concerning picture of many households and families running on empty and using credit cards and loans just to get by. The rising level of UK debt is unprecedented. However, it has not received the attention it should perhaps because other key economic markers such as house prices have performed well in recent years. The rising costs of living, reduced social security, stagnating wages and rise in precarious employment and zero-hours contracts have severely stretched household finances – creating the need for this form of credit.”*

The report emphasises approaches to reduce poverty such as increases to the minimum wage and the adoption of the Living Wage alongside multi-agency ‘debt care pathways’ primarily involving NHS primary care and debt advice agencies. These pathways should include approaches to improve the mental, physical and financial health of vulnerable borrowers.

Reflecting on the overall findings of the report Lorna Kelly, Head of Primary Care Support and Development at NHS Greater Glasgow and Clyde added: *“This is an important report which highlights the very real impact of unsecure personal debt on mental and physical*

*health and the growing challenge which individuals and families face. The impact is seen every day in NHS primary care, and demonstrates the need for a wide range of action to avoid and manage debt, as well as for agencies to work closely together to provide pathways out of debt.”*

**ENDS**

**Notes:**

1. Personal, unsecured debt refers to debt accrued by an individual and does not require collateral but relies solely on the borrowers' legal obligation to repay.
2. The full report '*The public health implications of rising debt*' is available at [www.gcph.co.uk](http://www.gcph.co.uk) from 2nd October 2018.
3. Established in 2004, the Glasgow Centre for Population Health (GCPH) is a research and development organisation which generates insights and evidence and supports new approaches to improve health and tackle inequality. GCPH is a partnership between NHS Greater Glasgow and Clyde, Glasgow City Council and the University of Glasgow, supported by the Scottish Government: [www.gcph.co.uk](http://www.gcph.co.uk).

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