

Focus on Housing

Exploring the financial wellbeing of different tenure groups in the UK

Findings from the 8th Financial Fairness Tracker Survey

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abrdn Financial Fairness Trust has commissioned a periodic cross-sectional survey to track the financial situation of UK households since the start of the coronavirus pandemic in early 2020. The latest wave of this survey – conducted in April-May 2023 – gives insight into the nation's finances during the ongoing cost of living crisis. The findings are based on responses from 5,766 households about their income, payment of bills, borrowing, debt, savings and ability to pay for other essentials such as food. A team from the Personal Finance Research Centre at the University of Bristol analysed the respondent data collected from YouGov's panel and produced these findings.



KEY FINDINGS

- Over a third (36%) of social renters are found to be 'in serious difficulties', with nearly a quarter of private renters also falling into this category (23%). This compares with just 13% of mortgagors and 5% of outright homeowners. Single parent households in rented housing were more likely than other types of family to be in difficulty.
- While mortgagors spend on average one-fifth (22%) of monthly take-home income on housing costs, this rises to a third of income (34%) among private renters and 29% for social renters.
- 13% of mortgagors had seen their housing costs increase in the last six months because they had re-mortgaged when their fixed term came to an end, while 17% had seen costs increase due to being on a variable or tracker rate mortgage. Over a third of private renters (37%) and two-thirds of social renters (67%) had seen their housing costs increase in the last six months as a result of their landlord or housing provider increasing the rent.
- 44% of households living in the private rented sector said their home had problems with condensation, damp or mould, and the same was true for 36% of social tenants. These issues were less commonly reported by outright owners (17%) and mortgagors (27%).
- In the last month, one-in-eight social tenants (13%) had not eaten for a whole day on three or more occasions because there wasn't enough money for food, as had one-in-twelve private tenants (8%).
- Over half of private renters say that their financial situation is making their mental health worse (52%), compared with nearly half of social renters (47%), two-in-five mortgagors (39%) and one-in-five outright homeowners (19%). Slightly lower – but still sizeable – proportions report that their finances are making their physical health worse: 42% of social renters, 39% of private renters, 27% of mortgagors and 16% of outright homeowners.
- Related to this, a third of householders say that financial worries are causing them to sleep poorly at night (33%) – rising to 36% among mortgagors, 44% among private renters and 45% among social renters.

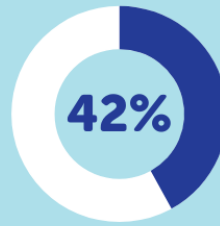
Over a third of social renters are 'in serious difficulties'



Private renters are spending a third of their income on housing costs



34% compared with 29% for social renters and 22% for mortgagors



42% of mortgagors have seen their housing costs increase by more than £100 in the last 6 months

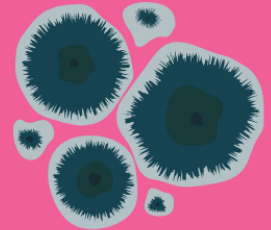
compared with 27% of private renters and 19% of social renters



44%

of private renting households say their home has problems with condensation, damp or mould

compared with 36% of social tenants, 27% of mortgagors and 17% of outright owners



1 in 8

as had 1 in 12 private tenants

social tenants haven't eaten for a whole day on 3+ occasions in the last month due to lack of money



Around half of renters say their financial situation is making their mental health worse

Slightly lower but sizeable proportions report similar impacts on physical health

1 in 3

are losing sleep over their finances

This rises to 36% among mortgagors, 44% among private renters and 45% among social renters.



INTRODUCTION

Housing plays a big role in our lives, hugely affecting our quality of life. The two-way relationship between housing and financial wellbeing is evident. Accommodation choices can be significantly constrained by our financial situation, while the cost of our housing (and any changes in this over time) can bear heavily on our finances.

This briefing uses data from the 8th Financial Fairness Tracker survey to explore these relationships, examining how household financial wellbeing varies by tenure; housing costs by tenure type; and households' satisfaction with their accommodation and the quality of their homes. The survey took place between 24th April and 3rd May 2023 and the findings are based on responses from 5,766 householders. For more information on the methodology used please see the explanatory notes on the following page.

Trends in housing tenure in the UK

As Table 1 shows, owning a home outright or with a mortgage are the most common tenures in the UK, with higher rates of outright ownership in Northern Ireland than elsewhere (45%). A greater proportion of households in England and Wales live in the private rented sector compared to Scotland and Northern Ireland; while in Scotland a quarter of households (24%) live in social housing compared with fewer than two in ten households in England & Wales and Northern Ireland.

Table 1 – Housing tenure in the UK

	Outright owner	Own with mortgage	Private rent	Social rent
England & Wales (2021)	33%	30%	20%	17%
Scotland (2019)	33%	29%	14%	24%
Northern Ireland (2021/22)	45%	28%	13%	13%

Sources: ONS (2023) [Housing, England and Wales: Census 2021](#); [Scottish Household Survey Data Explorer](#), Table 3.1a, Tenure; NISRA (2022) [Northern Ireland Housing Statistics 2021/22](#).

Over time, in England & Wales and Scotland there has been an increase in the number of outright owners and private renters but a fall in the number of mortgagors. The percentage of working age mortgagors in England, for example, has steadily declined since the early nineties, with private renters increasing from [one in ten in 1993 to around a quarter of working age people](#) by 2017. Future cohorts of older people are therefore more likely to live in rented properties than older people today. The implications of this go beyond simply sustaining rent payments during retirement:

Housing quality differs across tenures and quality of housing can impact health. Accessibility and adaptability of the property to the changing needs of occupants in later life also varies across tenures. (ONS, 2020)

Moreover, in addition to sharp rises in food and energy costs seen in the UK's cost of living crisis, many households have been affected by increases in their housing costs, either due to increased mortgage payments (because of higher interest rates) or rising private and social rents.

Explanatory notes on methodology

- The survey was conducted online by YouGov between 24th April and 3rd May 2023. A team from the Personal Finance Research Centre at the University of Bristol analysed the respondent data collected from YouGov's panel and produced these findings. Survey results have been weighted to be representative of the UK population on key socio-economic characteristics: age, gender, region, social class and level of education.
- Unless specified otherwise, the YouGov survey is the source of all results presented in this report. In some places, we present comparisons with previous survey waves. Reports for previous waves can be found on the [abrdrh Financial Fairness Trust website](#).
- While 6,540 people originally responded to the survey, most figures in this report are based on the 5,766 householders who are responsible for their household finances. In other words, we exclude those who weren't in charge of paying any bills or knew little about the state of the household's finances. It should be noted that one group particularly affected by this is young adults living with their parents / family – 56% of those filtered out reported living with family. The focus of this report therefore is predominantly with the *household* as a whole, rather than with individuals within the household.
- The unweighted sample sizes for each of the four main tenure groups concentrated on in this report are as follows: owned outright = 2,213; owned with mortgage = 1,639; private rent = 877; and social rent = 656. Results are not presented for any sub-sample of these groups with less than 30 respondents.
- Throughout the report, we refer to a measure of financial wellbeing that we have constructed. Households are grouped into four financial wellbeing categories, depending on how they score from 0 to 100 on our financial wellbeing score. This score is based on a composite measure using four measures of financial strain (assessment of current financial situation; how much of a struggle to pay for food and other necessities; how much of a struggle to pay bills and other commitments; arrears including payment holidays on bills and household commitments) and three of financial resilience against income shocks (ability to cover an unexpected bill equivalent to a month's income; how long could make ends meet if experienced a fall in income of a third or more; amount held in savings). Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Full details of the methodology employed can be found in [Kempson, Finney and Poppe \(2017\) Financial Wellbeing: A Conceptual Model and Preliminary Analysis](#).
- For example, 75% of households in our 'in serious difficulties' category find it a 'constant struggle' to meet their bills, whereas 80% of households in our 'struggling' category say they 'struggle from time to time' – and this falls to 50% of those in our 'exposed' category.

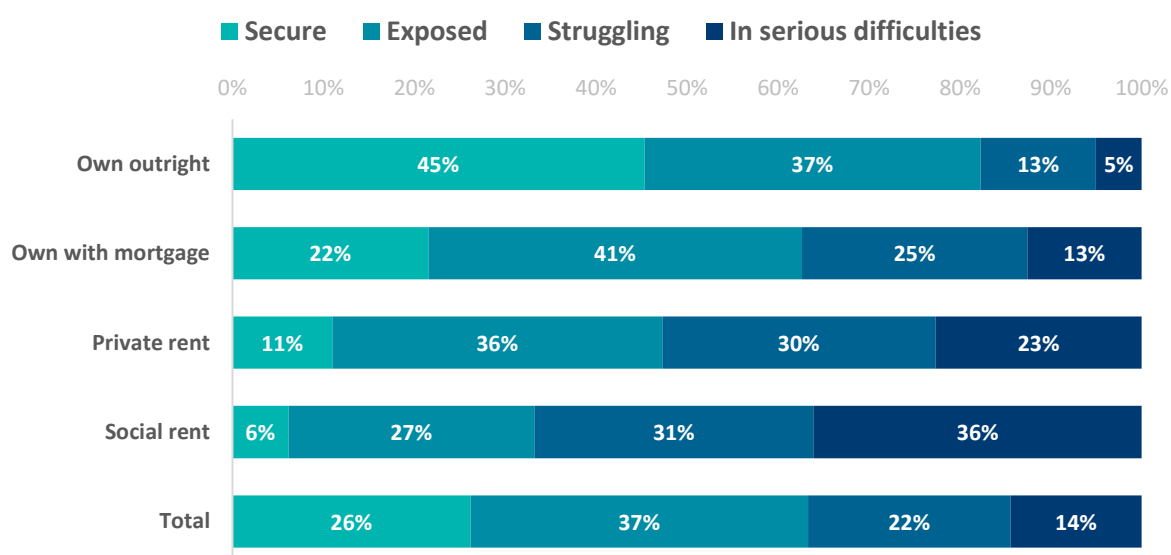


UNDERSTANDING THE FINANCIAL WELLBEING OF HOUSEHOLDS IN DIFFERENT HOUSING SITUATIONS

Renters – in both the social and private rented sectors – are in greater difficulty

Financial wellbeing – that is a household’s ability to meet their day-to-day commitments and to build some financial resilience for the future – varies significantly by housing tenure. Over a third (36%) of social renters are found to be ‘in serious difficulties’, more than twice the rate among the general population (14%), with nearly a quarter of private renters also falling into this category (23%). This compares with just 13% of mortgagors and 5% of those who own their home outright. At the other end of the spectrum, outright owners were around twice as likely than mortgagors to be financially ‘secure’ (45%, compared with 22% of mortgagors), four times more likely than private renters (11%) and over seven times more likely than social renters (6%).

Figure 1 – Financial wellbeing categories, by household tenure



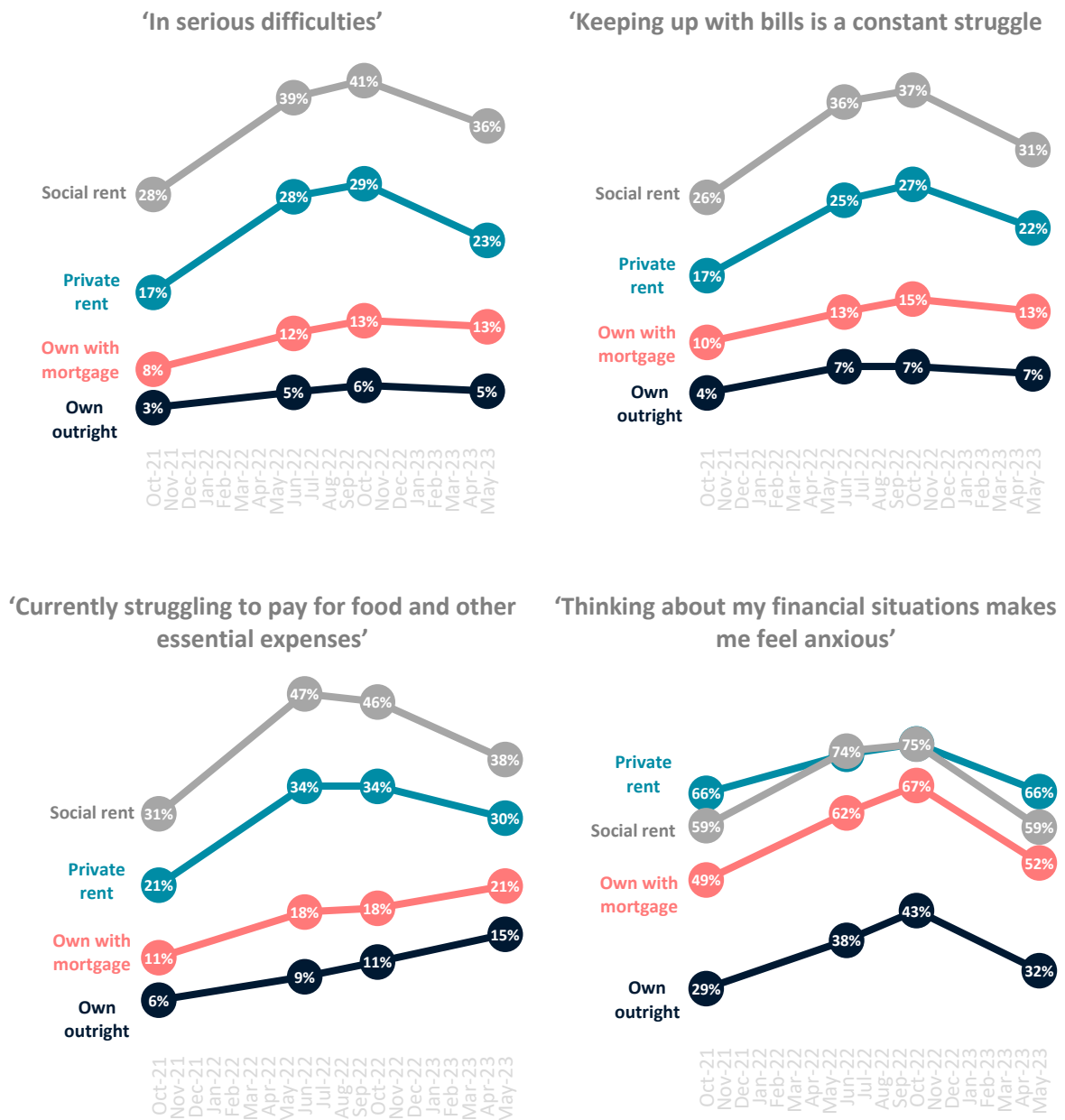
In absolute terms, this means that there are 1.8 million social rented households ‘in serious difficulties’, compared with 1.2 million private rented households, 1.1 million mortgaged households and 0.5 million outright owners in difficulty. The relative similarity in size between mortgaged and private rented households in difficulty is due to there being more mortgaged households overall. In other words, a smaller proportion of a bigger number are in difficulty.

As Figure 2 shows, there have been changes in levels of financial difficulty in recent months and years – and these have affected those of all tenure types, at least to some extent. For all tenures, ‘serious difficulties’ peaked in wave 8 of the Tracker (October 2022) having risen significantly over the preceding 12 months. Since then, social and private renters have seen falls in the level of difficulty (from 41% to 36% for social renters and 29% to 23% for private renters), while there has been no improvement in the situation for mortgagors (13% in both waves). Clearly, mortgagors overall still remain much less likely to face difficulty, but it is likely that the increase in interest rates will slowly put pressure on more mortgaged households’ budgets as increasing numbers reach the end of their fixed term.

Similar patterns are found for other measures of financial wellbeing (as also shown in Figure 2). For example, in May 2023, three-in-ten social tenants (31%, down from 37% in October 2022) found it a

‘constant struggle’ to keep up with their bills and commitments, as did two-in-ten private renters (22%, down from 27%), compared with 13% (down from 15%) of mortgagors and 7% (unchanged) of outright owners.

Figure 2 – Change in indicators of financial wellbeing over the last four waves (Oct-21, Jun-22, Oct-22, May-23), by household tenure

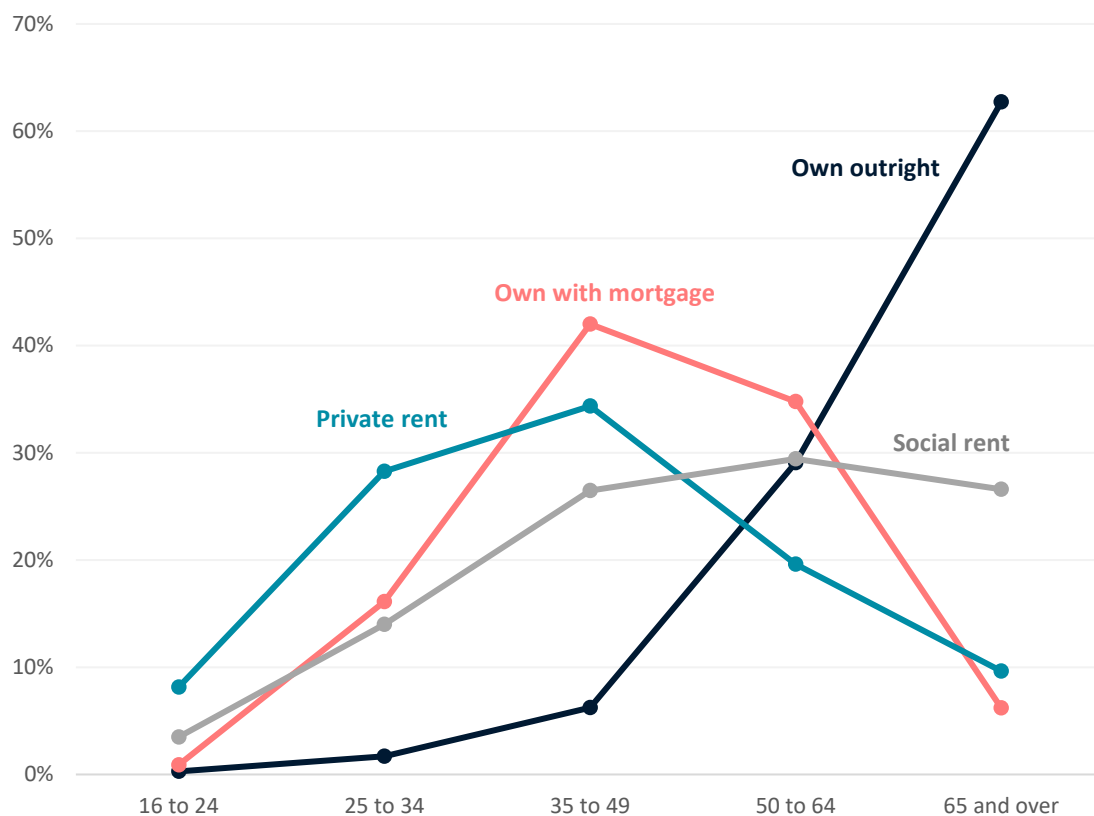


Lower financial wellbeing among households that rent their homes manifests in higher levels of arrears. Social tenants were twice as likely as private renters to be in rent arrears (12% of social tenants compared with 6% of private tenants); while 4% of mortgagors were behind with their home loans. We see a similar pattern with Council Tax arrears, owed by 3% of mortgagors but rising to 9% of private renters and 12% in the social housing sector. Notably, while half of mortgagors in arrears

(48%) said they had been in discussions¹ with their mortgage provider about not being able to meet their payments, only a quarter of social renters (25%) and private tenants (24%) had talked to their landlords about their arrears. Renters were more likely than mortgagors to have sought information or advice about their financial situation from other sources however (38% of private renters and 34% of social tenants had done so, compared with 30% of mortgagors). This tallies with a reported increase in the number of people seeking help against section 21 evictions from [Citizens Advice](#). Recent [StepChange research](#) with debt advice clients in the private rented sector also found that landlords often imposed unaffordable arrears repayments, leading to problem debt that created further housing insecurity and became a barrier to renting or buying a new home.

Differences in housing tenure are of course linked to differences in a range of other household characteristics, most notably the age of the head of the household. As Figure 3 highlights, outright homeowners are typically older than those of other tenure types, while private renters generally have a much younger profile. Given that our measure of financial wellbeing tends to improve with age, it is instructive to look at financial wellbeing by age and tenure together, as we do in Figure 4 (overleaf).

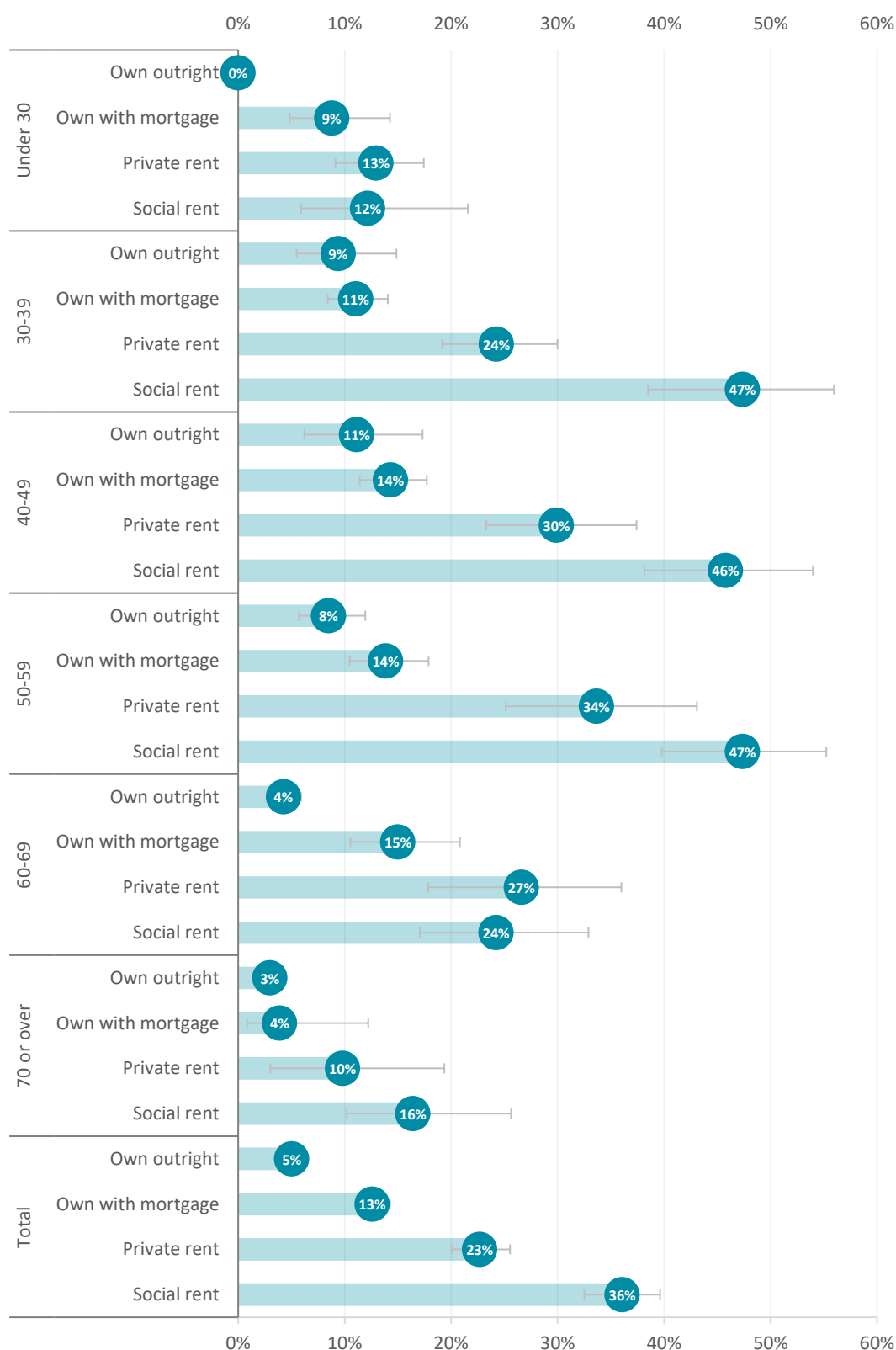
Figure 3 – Age profile of different types of housing tenure (Source: 2021 Census for England and Wales)



Notes: Author analysis of data from the [2021 Census for England and Wales - Dataset ID = RM201](#). Percentages represent the percentage of households within each type of tenure that fall into different age groups. Age group is based on the age of the household reference person. 'Own with mortgage' includes shared ownership as well as being owned with a mortgage/loan; 'private rent' also includes 'lives rent free'.

¹ 'Discussions' were defined as either verbal or written communication about being unable to meet payments.

Figure 4 – Proportion of households in serious financial difficulty, by age group and tenure type



Notes: Error bars indicate 95% confidence levels. Statistically significant differences (at $p < 0.05$) are found where error bars are non-overlapping, e.g. as we see between 30-39 year old mortgagors, compared with 30-39 year old private renters. Within the age groups, sample sizes range from 53 (private renters aged 70 or over) to 813 (outright owners aged 70 or over). Age group is based on the age of the householder completing the survey only.

This reveals that outright owners have significantly lower levels of financial difficulty among all age groups than renters, while mortgagors only fare significantly better within the 30-39, 40-49 and 50-59 age groups. One possible explanation for the relative lack of difference in difficulty between tenures among the under 30 age group is that a proportion of young households in the private rented sector will go on to become mortgagors in the near future but haven't yet done so, not necessarily because of a lack of financial wellbeing but because of a lack of time or because of an increased need for geographical mobility at that age (which the private rented sector may provide more easily). By the 30-39 age group, however, it is more likely that households will begin to be sorted into homeowners or renters based on their level of financial wellbeing.

A shortage of social and affordable housing is also reported to be pushing many low-income and vulnerable people into the PRS, leading to the [Levelling Up, Housing and Communities Committee to call on the Government](#) to commit to “delivering the affordable homes the country needs, particularly the 90,000 social rent homes we have previously concluded are needed every year.” There may also be issues with affordability of the PRS for those on housing benefit or receiving the housing element of Universal Credit, as a result of “an [increasing mismatch](#) between PRS rents and the level of local housing allowance (LHA) support available to those with low incomes”. Lastly, as we explore later in this report, households in the PRS on average spend a higher proportion of their income on housing than those in other sectors, leading to a lower level of disposable income and a higher level of financial difficulty than might otherwise be expected.

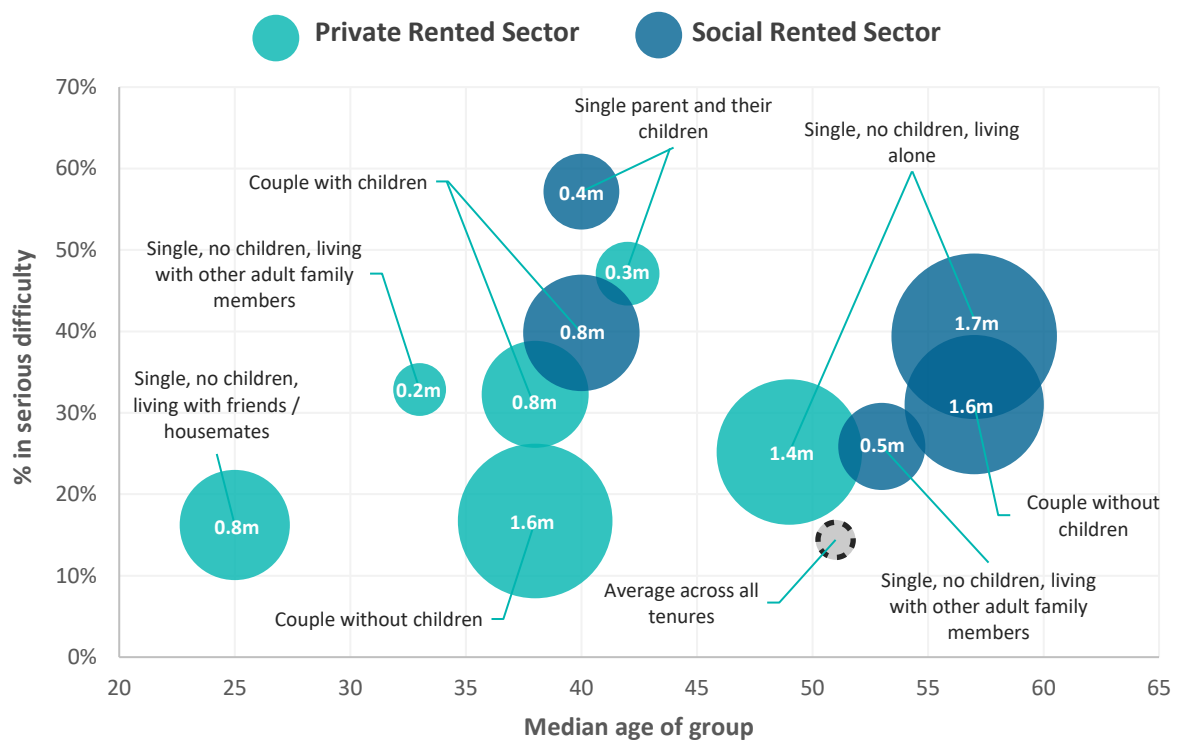
While generally more likely to face financial difficulty, renters remain a diverse group

None of the types of housing tenure are comprised of a single, homogeneous group. Rather, they are made up of a range of different forms of household with a range of different characteristics – some of whom are more likely to experience financial difficulty than others.

As Figure 5 demonstrates, compared to other types of family, single parent families experience the highest likelihood of being ‘in serious difficulties’ in both the private (47%) and social (57%) rented sectors. Less likely to be in such difficulties are single adults living with friends or housemates in the private rented sector (16%) and couples without children renting privately (17%), though both still experience slightly higher rates of difficulty than the average across all tenure types (including homeowners) (14%). As might be expected, the age profile of single private renters living with friends or housemates is substantially lower than for other types of household composition within either the private or social rented sectors. Those who live alone, however, tend to have the oldest age profile within their tenure type.

Figure 5 – Level of serious difficulty and age profile of different types of rented household

Size of bubble indicates prevalence of households with this composition within each tenure type



Notes: Size of bubble indicates prevalence of households with this composition within each tenure type, except in the case of the ‘average across all tenures’ bubble. Number of households (in millions) is calculated based on estimates of there being 5.45m private rented households and 4.95m social rented households in the UK, which is based on household estimates for 2022 for England, Scotland and Wales from the ONS and for 2021 for Ireland from NISRA – combined with the figures presented in Table 1. Only those household compositions with sample size > 30 are shown. This means, for example, that couples living with friends / housemates in the private rented sector are not shown. Those shown account for 95% of the private rented sector and 93% of the social rented sector. Sample sizes range from 31 (PRS – single, no children, living with other adult family members) to 277 (PRS – couple without children).

Similarly, within different types of housing tenure, there can be great variety in the types of economic activity that households undertake. While mortgagors are arguably the most homogenous

group – with the highest percentage of households containing at least one full-time worker (84%) or with both the survey respondent and their partner working (62%) (Table 2) – the private rented sector is especially diverse, containing a relatively high proportion of full-time workers (62%) but also high rates of students (12%), those unemployed but looking for work (7%) and people not working due to poor health (10%). The social rented sector is also varied, with a comparatively high proportion not working for health reasons (30%), not working due to caring responsibilities (14%), unemployed but seeking work (7%) or retired (23%). Nearly two-thirds (63%) of households that own their home outright, meanwhile, contain at least one retired person, with 46% containing at least one person who works.

Table 2 – Economic activities present in households of different tenure types

Economic activity of respondent or partner	Own outright	Own with mortgage	Private rent	Social rent
Full-time worker	31%	84%	62%	36%
Part-time worker	21%	26%	23%	18%
Retired	63%	10%	11%	23%
Full-time student	1%	2%	12%	4%
Unemployed	2%	3%	7%	7%
Not working due to poor health	6%	5%	10%	30%
Not working due to caring responsibilities	4%	7%	5%	14%
No earners – pensionable age	39%	3%	6%	16%
No earners – working age	16%	5%	19%	36%
One earner (respondent or partner works)	25%	29%	35%	31%
Two earners (respondent and partner works)	21%	62%	39%	17%

Notes: The first group of rows indicate whether either the respondent or their partner (if they have one) do each activity. Respondents could select more than one option. The second group of rows represent the number of earners in the household, but again only counting based on the respondent and their partner (if applicable). Working/pensionable age determined by respondent's age only.

In Table 3, we explore how levels of financial difficulty vary by both household economic activity and their housing tenure. This shows that the group most likely to be 'in serious difficulties' is social renters where either the respondent or their partner is out of work due to poor health (54%), followed by unemployed social renters (51%) and private renters not working due to caring responsibilities (50%). The table also highlights differences in levels of difficulty by tenure even where both the survey respondent and their partner are in work: nearly a quarter of 'two earner' households in the social rented sector are in difficulty (24%), considerably higher than 'two earner' households in the private rented sector (17%), mortgagors (10%) and outright homeowners (5%). This is largely driven by differences in income² between these groups: for example, while just 11% of two earner, mortgaged households are in the bottom income quintile, this rises to 24% for two earner households in the private rented sector and 30% of two earner households socially renting.

² Income represents take-home monthly household income from all sources, whether paid work, pensions, benefits or other sources.

Table 3 – Percentage of households in serious difficulty, by economic activity and housing tenure

Economic activity of respondent or partner	Own outright	Own with mortgage	Private rent	Social rent
Full-time worker	6%	12%	20%	33%
Part-time worker	5%	13%	21%	33%
Retired	3%	10%	19%	15%
Full-time student	-	14%	11%	-
Unemployed	18%	26%	36%	51%
Not working due to caring responsibilities	12%	22%	50%	43%
Not working due to poor health	25%	39%	39%	54%
No earners – pensionable age	3%	11%	8%	15%
No earners – working age	9%	27%	33%	48%
One earner (respondent or partner works)	6%	15%	27%	39%
Two earners (respondent and partner works)	5%	10%	17%	24%

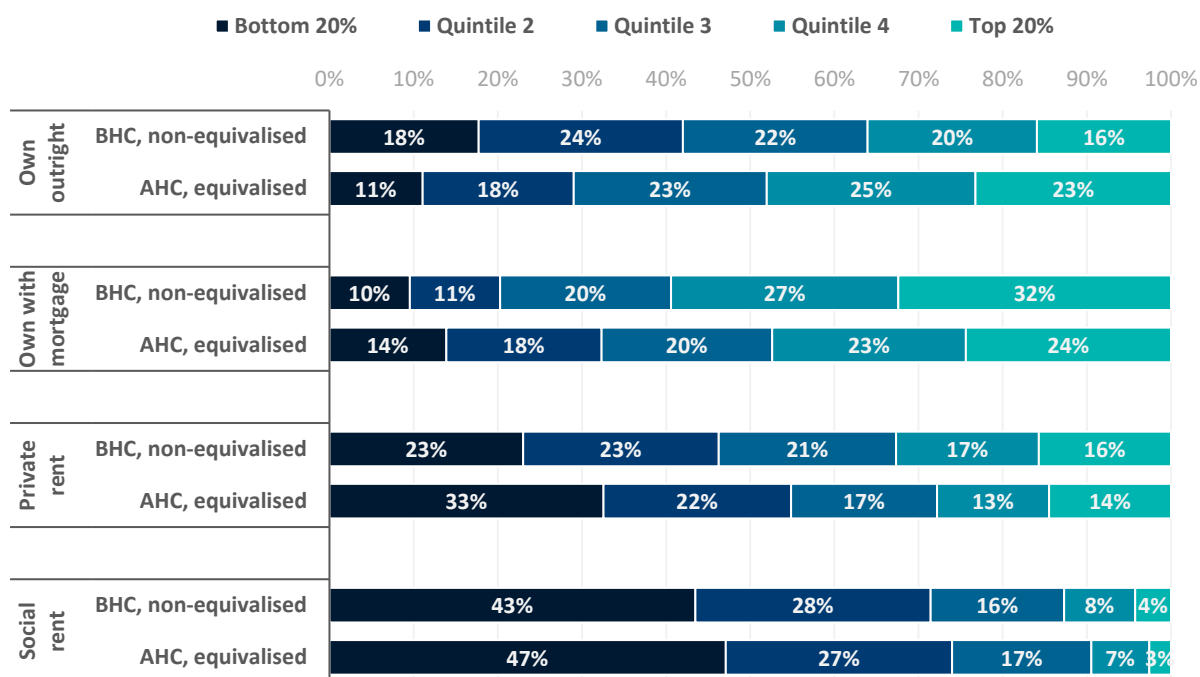
Notes: only groups with sample size >30 are shown. Sample sizes range from 33 (own with mortgage – full-time student) to 1,436 (own outright – retired). The first group of rows indicate whether either the respondent or their partner (if they have one) do each activity. Respondents could select more than one option. The second group of rows represent the number of earners in the household, but again only counting based on the respondent and their partner (if applicable). Working/pensionable age determined by respondent's age only.

In Figure 6, we look in more detail at household incomes and how the income distribution changes when housing costs are accounted for. Unsurprisingly, social renters have the lowest incomes, regardless of whether or not we take into account housing costs and whether we equivalise to account for the number of people living in the household – followed by private renters. Outright owners, however, are more likely than mortgagors to be in the bottom income quintile *before* housing costs and equivalisation, but this reverses *after* housing costs and equivalisation – reflecting both the higher housing costs incurred by mortgagors and the fact that these households are typically larger than outright owner households. Outright owners, meanwhile, are more commonly of pensionable age, resulting in lower income levels than those of working age.

Given their lower income levels, we see higher receipt of housing benefit or Universal Credit among renters, with nearly half (47%) of social renters and a quarter (25%) of private renters receiving such payments.³

³ Data from the [English Housing Survey](#) suggests that in 2021-22, 25% of private renters and 57% of social renters were receiving housing support. For private renters, the mean weekly amount received was £127, compared with £86 for social renters.

Figure 6 – Proportion of households in each tenure group that fall into different income quintiles, before (AHC) and after housing costs (BHC), and whether equivalised to account for household size

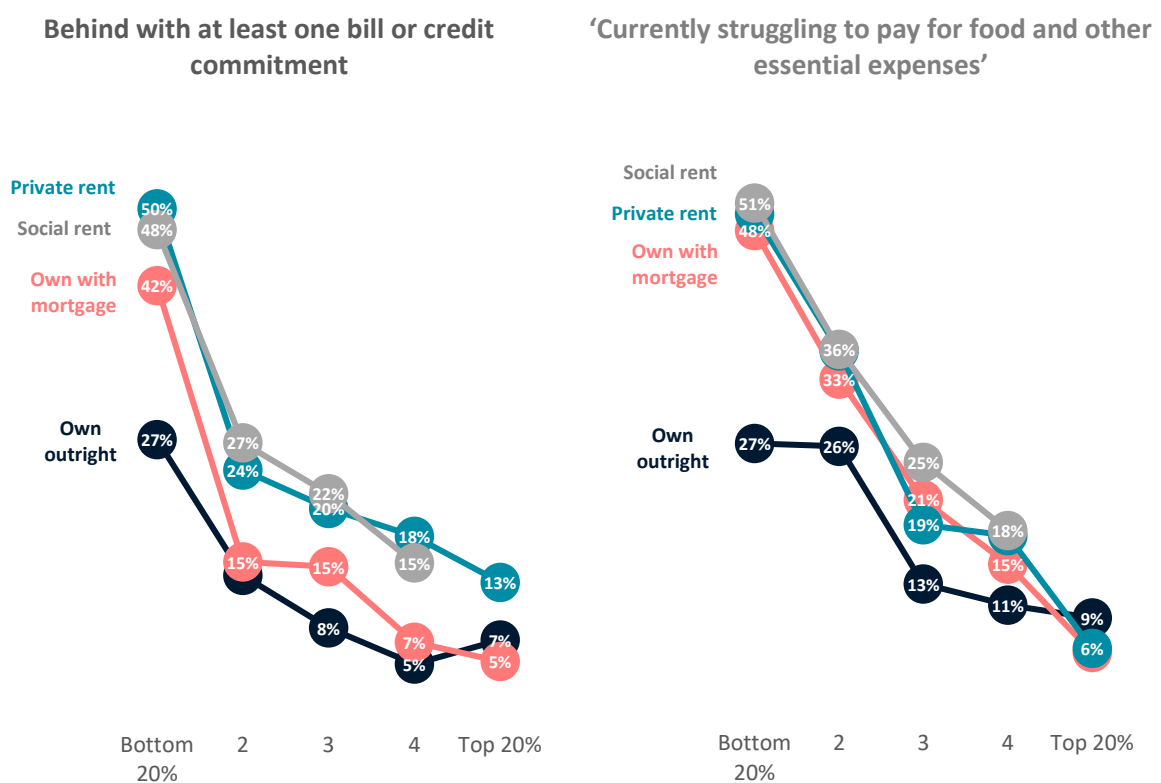


Notes: Based on income data supplied by 82% of the total sample (i.e. N=4,720 out of 5,766). Income represents take-home monthly household income from all sources. Equivalised using an adapted version of OECD-modified scale, which takes into account the number of adults/children aged 14 or over, the number of children aged under 14 in the household and also the number of financial dependents outside of the household (for example, children living with former partners or adult children away at university). 'Housing costs' defined as the amount that the respondent and their household is responsible for paying per month towards rent or mortgages on the home they live in. In a house-share situation, it was made clear that this counted only as the amount paid by the respondent and their family, rather than the collective total rent. Other household bills were not included – and respondents were asked to exclude the approximate value of any bills where these were included within their rental payment.

Lower income households – whether renters or mortgagors – are struggling

While the previous section showed that mortgagors are less likely to be in lower income groups, there are still around 1.2 million mortgaged households in the bottom income quintile. These households are almost as likely to experience financial difficulty as households on equivalent incomes in the social or private rented sectors. As Figure 7 shows, 42% of mortgaged households in the bottom 20% of the income spectrum were behind with at least one bill or credit commitment – not dissimilar to equivalent figures for lower income private (50%) and social (48%) renters. Similarly, 48% of the lowest income mortgagors reported that they are currently struggling to pay for food and other essential expenses – compared with 50% of private renters and 51% of social renters in the same income quintile. In absolute terms, this means 0.6 million lower income mortgagors are struggling, compared with 0.9 million lower income private renters and 1.2 million lower income social renters. These figures would grow further if including the second income quintile – where difficulty is felt less acutely but still affects between a fifth and a third of households.

Figure 7 – Indicators of poor financial wellbeing, by tenure type and household income quintile (equivalised, AHC)



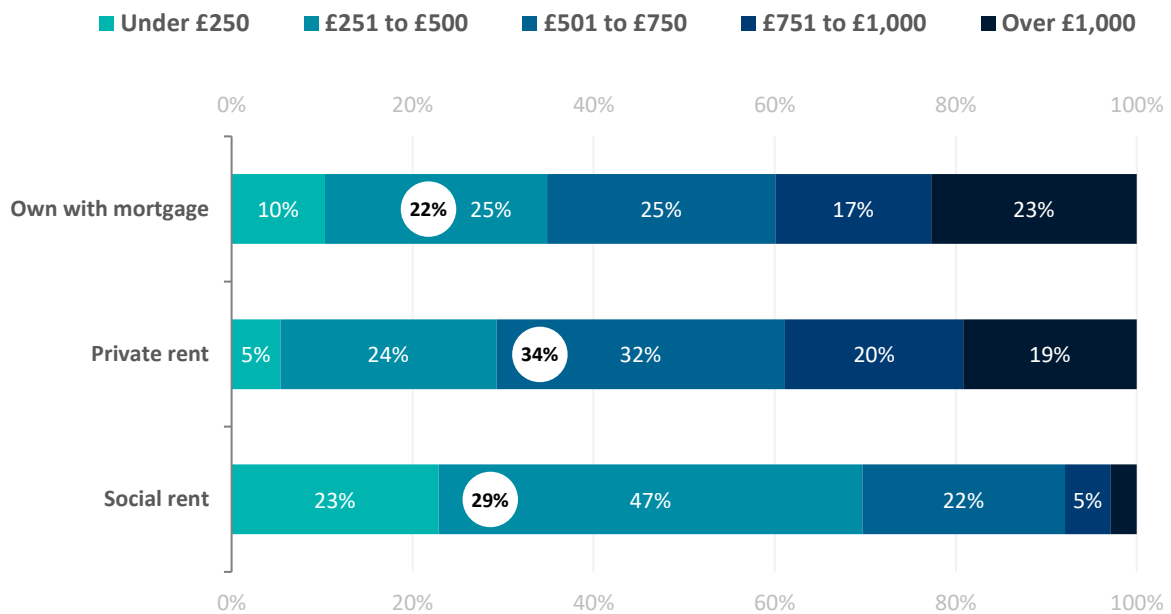
Notes: Based on income data supplied by 82% of the total sample (i.e. N=4,720 out of 5,766). Only groups with sample size > 30 are shown. This means that social renters in the top 20% of incomes have been excluded. Sample sizes range from 38 (social rent, income quintile 4) to 432 (own outright, income quintile 4).

HOUSING COSTS AND AFFORDABILITY

Figure 8 shows the average monthly housing costs paid by households in different tenures in May 2023, both as a banded monetary amount and a proportion of monthly take-home pay. It illustrates that, on average, households in the private rented sector face the highest housing costs in monetary terms and as proportion of their take-home pay. Seven-in-ten (71%) of private renters have monthly housing costs more than £500, compared with two-thirds of mortgagors (65%) – though mortgagors were more likely to be spending over £1,000 per month (23%, cf. 19% of private renters). And while mortgagors spend on average one-fifth (22%) of monthly take-home income on housing costs, this rises to a third of income (34%) among private renters. Even though most households (70%) living in social rented housing have monthly housing costs of £500 or less, their housing costs nonetheless account for 29% of their income, reflecting the fact that they tend to have lower incomes.

Figure 8 – Monthly housing costs, by tenure type

White circle indicates % of monthly take-home income spent on housing on average (median)

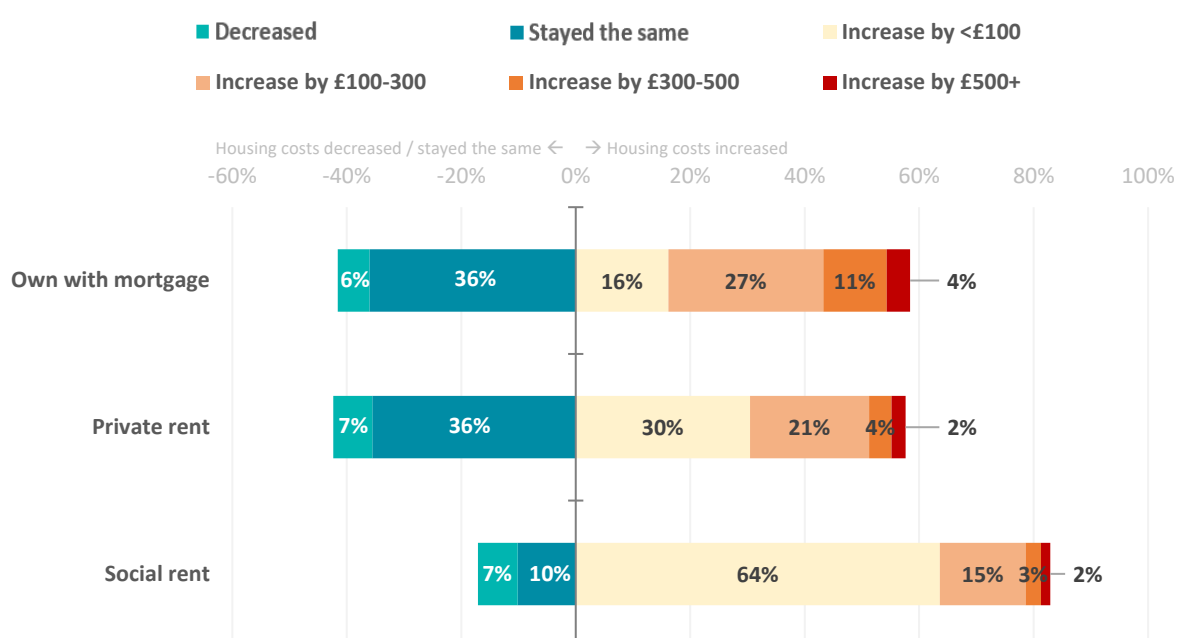


Notes: 'Housing costs' defined as the amount that the respondent and their household is responsible for paying per month towards rent or mortgages on the home they live in. In a house-share situation, it was made clear that this counted only as the amount paid by the respondent and their family, rather than the collective total rent. Other household bills were not included – and respondents were asked to exclude the approximate value of any bills where these were included within their rental payment. Household income is monthly take-home household income from all sources, non-equivalised and before housing costs.

Increases in housing costs have been the norm in the last six months

When asked how the last six months had been for their household finances, the majority of mortgagors and renters felt that this period had been ‘negative’ for them financially (mortgagors = 58%; private renters = 54%; social renters = 56%); whereas this falls to two-in-five (40%) outright homeowners. Housing costs are likely to have played a role in this, with most mortgagors and renters facing increased costs since October 2022 (Figure 9). Increases have been almost universal in the social housing sector, reported by eight-in-ten households renting their home from a local council or housing association (84%). On average, mortgagors experienced higher increases than renters, although as noted above their housing costs still make up a smaller fraction of their monthly take-home pay, reflecting their greater levels of financial wellbeing and ability to absorb increased costs. In contrast, households in social rented housing may struggle to cope with any increase in housing cost.

Figure 9 – Change in monthly housing costs in last six months, by tenure type



Unsurprisingly, rent increases were the main reason that tenants in the survey had seen their housing costs rise in the last six months – affecting 81% of social renters and 65% of private renters (Table 4). Two-in-ten social tenants (19%) were paying more in service charges or ground rent. One-in-ten private renters (11%) were paying more as the result of a house move. [ONS data](#) shows that private rental prices in the UK increased by 4.4% in the year to January 2023, the largest increase since the data series began in 2016.⁴ Meanwhile, most tenants in the social rented sector face rent increases up to 7% ([the government cap](#)) in the financial year 2023/24, on top of increases up to 4.1% in 2022/23.

For mortgagors in the survey, the root causes of higher housing costs were rising mortgage interest rates that resulted in bigger monthly mortgage payments on variable or tracker mortgages (29% of those who saw their housing costs increase – or 17% of all mortgagors); or re-mortgaging when a

⁴ The [Renters Reform Bill](#) (2023) includes the introduction of a statutory procedure for implementing annual rent increases in the private rented sector in England. First-Tier Tribunals would determine market rents if a tenant appeals against a landlord’s proposed increase.

fixed-term deal came to an end (23% of those with increased housing costs – or 13% of all mortgagors). Most mortgagors in these situations faced average monthly increases of at least £100 (Table 4). In January 2023, the [Bank of England](#) estimated that around four million households would be exposed to interest rate rises during the year, as a result of increases in the Bank Rate, which stood at 4.5% in May 2023 – the highest rate since [October 2008](#).

Actions taken by mortgagors since October 2022 to afford their mortgage included trying to re-mortgage (11% of all mortgagors); attempting to negotiate reduced payments with their mortgage lender (8%); trying to move house (4%); and receiving Support for Mortgage Interest (3%). In June 2023, the government announced a set of standards that the UK's largest mortgage lenders will adopt when helping residential mortgage borrowers who are worried about higher rates, including giving customers who are approaching the end of a fixed rate deal the chance to lock in a deal up to six months ahead.

Table 4 – Reason for housing costs increasing, by tenure type and amount costs had increased by

For all but the final column, the base for the percentages is all households within that tenure type who had incurred an increase in their housing costs in the past six months. For the final column, the base is all households within that tenure type (regardless of whether or not they had seen housing costs increase).

Tenure	Reason for housing costs increasing	Amount costs increased by				% of those within tenure type incurring any increase	% of all within tenure type
		<£100	£100-300	£300-500	£500+		
Mortgagors	Moved house	0.4%	1.3%	1.1%	0.8%	3.6%	2.1%
	On a variable rate or tracker mortgage	10.7%	10.5%	5.2%	2.8%	29.2%	17.1%
	Service charges or ground rent on building increased	2.6%	3.8%	1.1%	0.2%	7.7%	4.5%
	Re-mortgaged and wanted to borrow more money	0.7%	1.4%	0.4%	0.6%	3.1%	1.8%
	Re-mortgaged when fixed term came to an end	5.2%	10.7%	5.8%	0.9%	22.6%	13.2%
	Other mortgage-related reasons	3.4%	5.8%	2.4%	0.8%	12.4%	7.2%
Private renters	Moved house	2.9%	5.1%	1.0%	1.5%	10.5%	6.0%
	Landlord or housing provider increased the rent	38.9%	20.0%	4.0%	2.0%	64.9%	37.4%
	Service charges or ground rent on building increased	2.9%	2.9%	1.0%	0.2%	7.0%	4.0%
Social renters	Moved house	0.9%	0.5%	0.0%	0.1%	1.5%	1.3%
	Landlord or housing provider increased the rent	65.6%	12.7%	1.8%	0.9%	81.0%	67.1%
	Service charges or ground rent on building increased	13.9%	4.3%	0.4%	0.2%	18.8%	15.6%

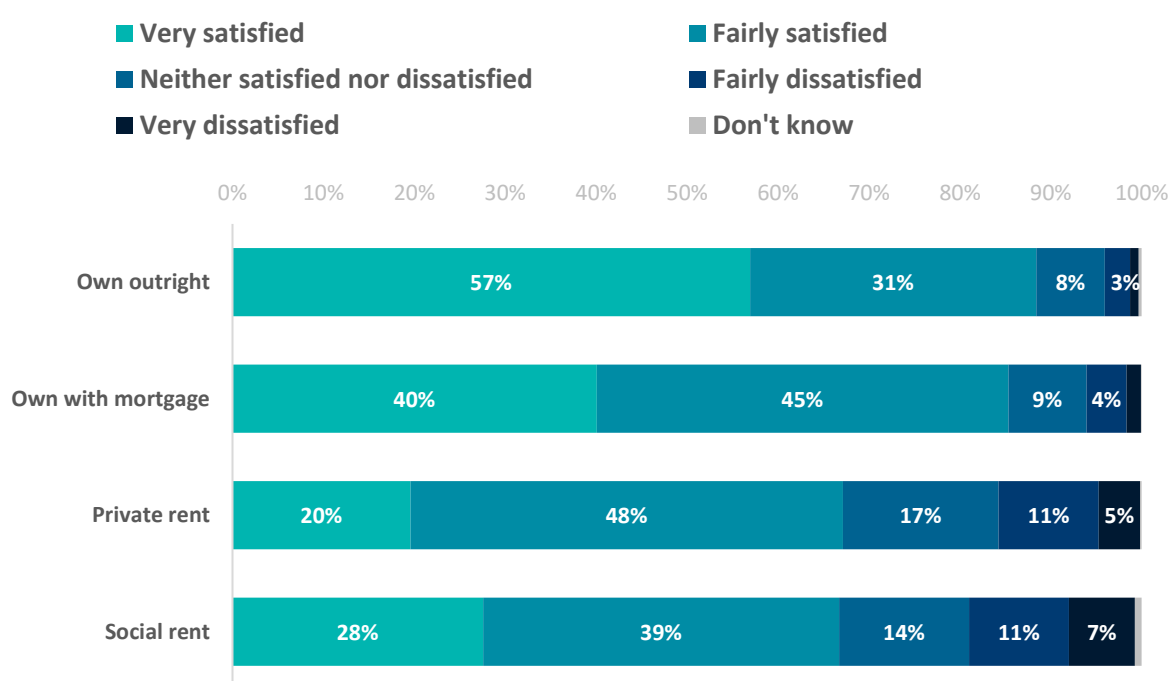
Notes: All but the final column indicate the percentage of households within each type of tenure who had incurred an increase that had incurred an increase of X and had done so for the reason listed. For example, looking at the top row, 0.4% of mortgagors who had seen their housing costs increase had moved house and seen an increase of less than £100 per month; 3.6% of mortgagors who had seen their housing costs increase (by any amount) had done so because they had moved house. The base for the final column is all households within that tenure type (regardless of whether they had seen housing costs increase or not). For example, 2.1% of all mortgagors had seen their housing costs increase because they moved house.

SATISFACTION WITH HOUSING

While most are satisfied with their housing, renters experience more dissatisfaction

Most households in the survey were satisfied with their current housing (Figure 10). The highest levels of satisfaction were among outright owners (57% very satisfied and 31% fairly satisfied), while the greatest dissatisfaction was found among renters, with around two-in-ten saying they were fairly or very dissatisfied with their accommodation (private tenants 16%; social tenants 18%). Among social renters, dissatisfaction was highest for those ‘in serious difficulties’ (25%), whereas for private renters it was actually highest among those ‘struggling’ (21%, compared with 19% for those ‘in serious difficulties’).

Figure 10 – Satisfaction with current housing situation, by tenure type



One of the drivers of low satisfaction among renters is likely to be a lack of security or control over their housing situation. In the words of [Citizens Advice’s Tenants Voice Panel](#): “as a renter, you never truly feel at home”. This leaves many feeling a lack of agency over their situation; indeed, our survey shows that 49% of private and social renters feel they have no control over their financial situation, compared to just 35% of mortgagors and 23% of outright owners.

Variations in satisfaction with housing are also likely a reflection of housing quality, among other things. While poor housing quality is an issue for all tenure types, it is well-documented that [renters face the worst issues](#), which our survey findings affirm. Among our respondents, 44% of households living in the private rented sector said their home had problems with condensation, damp or mould, and the same was true for 36% of social tenants. These issues were less commonly reported by outright owners (17%) and mortgagors (27%). In addition, a third of tenants (private renters 35%; social renters 37%) reported being unable to keep their home warm and comfortable in the last six months (spanning the coldest winter period), compared with a quarter of mortgagors (24%) and a

fifth of outright owners (19%). For those 'in serious difficulties', this rises dramatically: to 63% for private renters, 61% for social renters, and 58% for mortgagors. Interestingly, it rises the most for outright homeowners, 69% of whom said they struggled to keep their home warm and comfortable in the past six months.

Worryingly, households where someone was disabled were significantly more likely to have issues with their property and to have struggled to keep their home warm. This applies for every tenure type. For example, 57% of disabled people in private rented accommodation reported issues with condensation, damp or mould and 45% struggled to keep their home warm and comfortable, compared to 40% and 31% respectively of non-disabled households privately renting.

Unsatisfactory thermal comfort was almost certainly linked to high energy costs and problems affording energy, with 28% of households in the social rented sector tenants and 24% in the private rented sector finding their energy bills 'very unaffordable', compared with 9% of outright owners and 19% of mortgagors. Proactive steps to afford energy bills were common across all households, regardless of tenure.

The private rented sector has been the subject of increased policy focus in recent years. In England, the housing and homelessness charity, Shelter, described the sector as characterised by [insecurity, discrimination, and poor conditions](#). Housing is a devolved matter, with the administrations in Scotland, Wales and Northern Ireland adopting [different approaches](#) with regards to regulating housing fitness in the private rented sector. In 2022, the Westminster government proposed the introduction and enforcement of a [Decent Homes Standard](#) in the private rented sector in England (Box 1 below), to mirror the minimum regulatory standard that operates in the social rented sector. There is already a [minimum energy efficiency standard](#) for private rented property in England & Wales, with plans [in Scotland](#) to introduce a stricter standard from 2025.

Box 1 – Proposed [Decent Home Standard](#) for the private rented sector in England

"A decent home in the PRS must meet the following 4 criteria:

- a) It meets the current statutory minimum standard for housing;
- b) It is in a reasonable state of repair;
- c) It has reasonable facilities and services; and
- d) It provides a reasonable degree of thermal comfort."

THE IMPACT OF THE COST OF LIVING CRISIS

As previously mentioned, it is telling that the majority of mortgagor-holders and renters in the survey felt the last six months had been somewhat or very negative for their financial situation, ranging from 54% of private renters, to 56% of social renters, and 58% of mortgagors.

UK households have been employing a wide range of strategies to cope with the cost of living crisis, especially households with lower levels of financial wellbeing, which includes those living in the private and social rented sectors. A common strategy, for example, is shopping at cheaper stores or buying cheaper food products, reported by four-in-ten outright owners (39%) but rising to more than half of renters (52% private tenants; 55% social tenants). A similar pattern is also seen in relation to cutting back on social activities: due to concerns around cost, 38% of private renters had not seen family or friends as often as they would have liked, while 40% had cut down on participation in hobbies or pastimes. The equivalent figures for social renters are 36% and 33% respectively, 30% and 34% for mortgagors, and 18% and 18% for outright owners.

A worrying number of households who rent their homes are making more drastic cutbacks that could potentially impact their health and wellbeing. A quarter of renters said they had avoided going to the dentist or receiving dental treatment in the last six months because of the cost (27% private renters and 24% social tenants, compared with 14% of outright owners). One-in-ten tenants had avoided medical appointments for reasons of cost (e.g. travelling to appointments; or paying for physiotherapy or other treatment) (9% of private tenants, 10% social tenants) – three times the number of outright owners who had cut back in this way (3%). And in the last month, one-in-eight social tenants (13%) had not eaten for a whole day on three or more occasions because there wasn't enough money for food, as had one-in-twelve private tenants (8%).

The cost of living crisis – and the coping responses that households use to manage – therefore come at a cost that is also evident in the quality of life indicators in the survey. Between two-in-ten and three-in-ten of all UK households report that their financial situation has negative impacts on their lives. While much higher numbers of tenants report these harmful effects, homeowners are by no means unaffected (Table 5). This figures rise further though if looking at those in receipt of either Universal Credit or housing benefit, with 56% of social renters on these benefits reporting their finances are worsening their mental health, rising to 64% of private renters and 71% of mortgagors who are in receipt of either benefit.

Table 5 – Quality of life indicators, by housing tenure

How well do the following statements fit your current situation? (% saying fits 'very' or 'fairly well')	Own outright	Own with mortgage	Private rent	Social rent
My financial situation is making my mental health worse	19%	39%	52%	47%
My financial situation is making my physical health worse	16%	27%	39%	42%
Financial worries cause me to sleep poorly at night	20%	36%	44%	45%
I feel like I have no control over my financial situation	23%	35%	49%	49%
My financial situation is negatively impacting my ability to work or study	14%	21%	34%	32%

Notes: Base for the final row is working age adults only (Overall N=4,353).

FUTURE OUTLOOK

Looking to the future (Table 6), given the preceding results it is perhaps unsurprising that again we see a pattern whereby renters are significantly less optimistic about the coming months. While 53% of outright owners are confident about their situation in the next three months, this falls to just 22% of social renters and 30% of private renters. Mortgagors fall in the middle, with 40% confident for the next quarter. Interest rates have, however, risen since the survey data was collected, which may further reduce confidence levels among mortgagors – but also among renters who are likely to see any interest rate rises passed onto them by landlords.

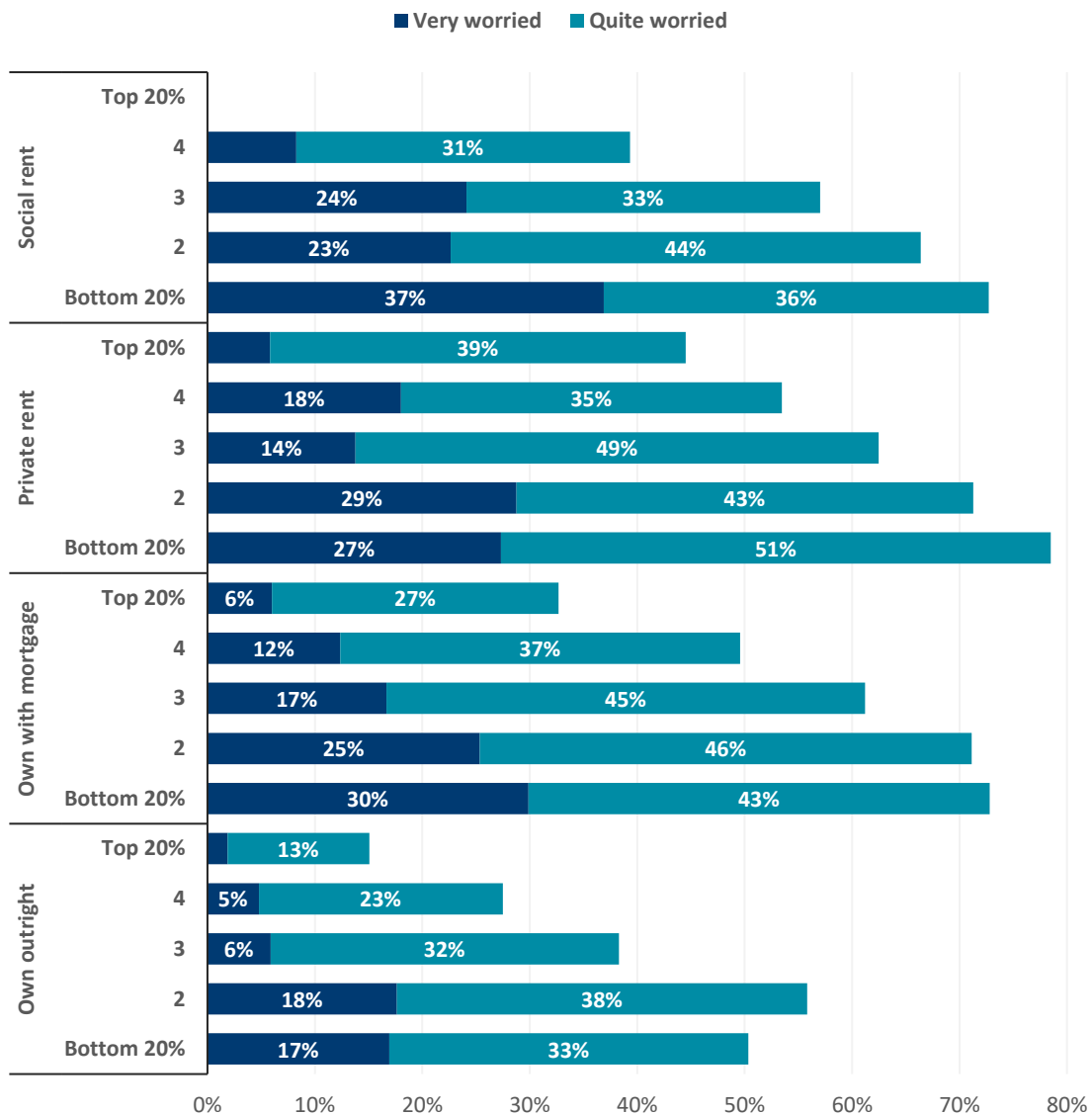
Table 6 – Future outlook in next three/twelve months, by housing tenure

Confidence/worries in the next three/twelve months		Own outright	Own with mortgage	Private rent	Social rent
How confident are you about your household situation in the next three months?	Not at all confident	6%	10%	15%	23%
	Not very confident	12%	19%	24%	22%
	Neither confident nor not confident	27%	30%	28%	29%
	Fairly confident	32%	29%	25%	16%
	Very confident	21%	11%	5%	6%
	Don't know	2%	2%	2%	5%
Meeting energy costs in next three months	Very worried	6%	10%	17%	23%
	Quite worried	20%	30%	30%	34%
	NET: worried	26%	40%	47%	57%
Meeting vehicle running costs in next three months	Very worried	4%	6%	8%	12%
	Quite worried	16%	23%	23%	22%
	NET: worried	19%	30%	31%	34%
	Not applicable	12%	8%	32%	35%
Meeting housing costs (mortgage or rent) in next three months	Very worried	2%	6%	12%	13%
	Quite worried	5%	22%	26%	24%
	NET: worried	6%	28%	38%	37%
Meeting food costs in next three months	Very worried	3%	5%	10%	17%
	Quite worried	12%	21%	27%	31%
	NET: worried	15%	26%	37%	48%
Overall financial situation in next three months	Very worried	5%	10%	18%	23%
	Quite worried	21%	35%	40%	37%
	NET: worried	26%	46%	58%	61%
Overall financial situation in next twelve months	Very worried	8%	16%	21%	27%
	Quite worried	27%	39%	44%	38%
	NET: worried	35%	54%	65%	65%

Looking at what specifically households are worried about in the coming months, we see that all remain most concerned about their ability to meet energy bills, while food, housing and vehicle-running costs are also concerning significant proportions. Notably, nearly half (48%) of social renters and over a third (37%) of private renters are worried about meeting their food costs in the next three months.

The situation is even more bleak for lower income households within each tenure group (Figure 11). Even among outright owners, 50% of those in the bottom income quintile are worried to some extent about their overall financial situation in the coming year. This rises to 73% among mortgagors in the bottom income quintile – on a par with social renters (37%) and just below private renters (78%). This highlights a need for the Government to consider how best it can support all those on low incomes, regardless of the nature of the housing that they live in.

Figure 11 – Level of worry about overall financial situation in the next 12 months, by housing tenure and income quintile (equivalised, AHC)



Notes: Based on income data supplied by 82% of the total sample (i.e. N=4,720 out of 5,766). Only rows with sample size > 30 are shown. Sample sizes range from 38 (social rent, income quintile 4) to 432 (own outright, income quintile 4).

Technical note

The survey was undertaken by YouGov between 24 April and 3 May for the abrdn Financial Fairness Trust and was conducted online. It is the eighth in a series of cross-sectional surveys tracking the financial impact of the coronavirus pandemic and subsequent cost of living crisis on UK households, by asking key questions repeated at several time points. In each wave, these key questions are supplemented by new questions that aim to capture and reflect the evolving situation.

The sample for this report consists of 5,766 respondents randomly recruited from YouGov's online panel. It includes booster samples for Scotland, Wales and Northern Ireland, that have been weighted back to their correct proportions for the tables in this report. The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report.

The segmentation of households into four categories is based on scores from a principal component analysis of seven survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Full details of the methodology employed can be found in [Kempson, Finney and Poppe \(2017\) Financial Wellbeing: A Conceptual Model and Preliminary Analysis](#).

All analysis was tested for statistical significance. This report only covers findings that were found to be statistically significant (at least $p < .05$), unless otherwise stated. The tables on which this report is based are available to view by emailing pfrc-manager@bristol.ac.uk.



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About the Personal Finance Research Centre (PFRC)

PFRC is an interdisciplinary research centre exploring the financial issues that affect individuals and households. It combines multi-method approaches with specialisms drawn from social policy, human geography, psychology and social research.

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About abrdn Financial Fairness Trust

abrdn Financial Fairness Trust is an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Its focus is improving the lives of people on low-to-middle incomes in the UK.

www.financialfairness.org.uk/

