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LIFE EVENTS & SAFETY NETS

A research report from the Personal Finance
Research Centre (PFRC), University of Bristol

October 2026

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**M
&G**

MONEY
ADVICE TRUST

LIFE EVENTS AND SAFETY NETS

ABOUT THIS REPORT

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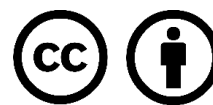
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FOREWORD

Every day, our advisers at National Debtline and Business Debtline speak to people whose finances have been impacted by events they never planned for: losing hours at work, being made redundant, becoming ill, or experiencing a relationship breakdown. These life events are the most common reason why the people we help find themselves struggling with debt and financial hardship.

While it has long been understood that life events can push people into financial difficulty, we have known far less about the scale of their impact, how different life events interact with one another, and why some people are able to manage these shocks while for others it can be a catalyst for financial hardship.

This report begins to fill that gap. It provides some of the clearest evidence to date on the relationship between life events, financial resilience and debt. It shows not only how common these events are, but also how their consequences can vary across different groups of people, and how multiple events can combine to worsen financial problems and make long-term financial resilience more difficult to achieve.

We see this research as the starting point for a much wider conversation. How can we strengthen the support available when people face inevitable life events? What policies, products and interventions could weaken the link between life events, debt and financial hardship? And how can we help people rebuild resilience after a setback, not just before one occurs?

Answering these questions will require action from government, employers, creditors and the wider financial services sector. We hope that the evidence and recommendations in this report help to inform that debate and act as a catalyst for meaningful change.

We would like to thank the Personal Finance Research Centre for their comprehensive analysis, M&G for supporting and helping us to develop this important research, and the many individuals who shared their experiences and made this study possible. Their stories remind us that behind every statistic is a person navigating some of life's most difficult moments.

It's incumbent on all of us who run national services – in the public, private and charity sector alike – to do more to help people when circumstances change. I hope that this research will be the conversation starter we need to collaborate more and put in place the practical advice and support that can make all the difference when it matters most.

Steve Vaid

Chief Executive

Money Advice Trust - The charity that runs National Debtline and Business Debtline

EXECUTIVE SUMMARY

Life events are extremely common; in a given year, around a quarter of people experience a life event such as an income shock, illness or accident within the family, relationship breakdown or a bereavement. Experiencing multiple events in a relatively short period of time is also unexceptional: over a three-year period, around a third of people experience more than one of these types of events. These events often come with a financial detriment; among National Debtline clients in 2024/25, an unexpected life event was the number one reason for people's financial difficulty.

Planning financially for the impact of these events is therefore vital. Focussing on adults aged 25-55, this study provides new insights into life events, financial resilience and financial preparedness, to understand how to prevent people falling into problem debt after experiencing such an event.

The study took a five-stage approach:

	Research method	Overview
1	Rapid evidence review	Review of 57 relevant items (post-2010, UK based).
2	Qualitative interviews	25 interviews with people who had recently experienced a life event – 14 who had fallen into serious financial difficulties as a result and 11 who had not.
3	Analysis of the FCA's Financial Lives Survey (FLS)	Secondary analysis of 2024 data: 8,000 respondents aged 25-55, with 2,000 experiencing a life event in the past 12 months. To measure the impact of recent life events and effect of safety nets on financial outcomes.
4	Commissioned YouGov survey	A representative sample of 2,124 UK adults aged 18+, from which we analysed the results for 1,166 UK adults aged 25-55 to understand levels of preparedness for life events and availability of different safety nets.
5	Policy recommendation development	Review of evidence on policy and interventions, along with a policy workshop to co-produce recommendations.

Life events negatively impact personal finances

Our study finds that **experiencing a life event has a clear and negative impact on finances**. Analysis of the Financial Lives Survey (FLS) 2024 data found that financial outcomes were typically worse for those 25-55 year-olds experiencing any life event in the past 12 months, compared to those experiencing no life events. Furthermore, **individuals who incurred multiple**

life events generally had even worse financial outcomes: 17% of respondents who had faced one life event in the past 12 months felt this had caused them financial difficulties, rising to 29% among those who had experienced two, and as many as 40% of those who had experienced three or more life events.

Of the life events experienced in the past 12 months, we found that **loss of hours at work was typically associated with the poorest financial outcomes**, followed closely by job loss or redundancy, and relationship breakdown or divorce. Women were more likely than men to have fallen behind with household bills after relationship breakdown or divorce.

From the qualitative interviews, we identified five factors that compounded the financial difficulty individuals faced when experiencing an unexpected life event:

1. Holding existing debt
2. High housing costs
3. Facing barriers to finding work
4. Lack of eligibility for, or access to, social security benefits
5. Only having one earned income in the household.

People understand the importance of financial preparedness

Analysis of our commissioned survey for 1,166 adults aged 25-55 showed a very mixed picture regarding financial preparedness for unexpected life events. Fewer than one-in-ten respondents (7%) felt financially “fully prepared” for a major life event in the next 3 months, while 22% felt they were “not at all prepared”.

Where respondents had already experienced multiple life events within the last three years, levels of preparedness dropped further: **35% of those affected by two life events in the past three years felt ‘not at all prepared’**, rising to 41% among those affected by three or more. This points to a potential longer-term erosion of financial resilience as people deal with the negative cumulative financial impacts of life events.

Despite this, **the vast majority of respondents in our survey clearly recognised the importance of building financial resilience** and preparing for life events. Over three-quarters (77%) agreed that “it is important for me to put money aside for a rainy day”, and only 17% agreed that “there is little or no point trying to plan financially for the future”.

Most workers have some financial safety net in the event of lost income

Our commissioned survey found that **the majority of workers (87%) had at least one safety net to supplement or replace lost income if a life event occurred**, with 18% having a single safety net, 22% having two, 23% having three, and 24% having four or more safety nets.

The most common safety net was savings or investments, with around half of workers (49%) saying they had access to this, followed by sick pay (42%), support from family and friends (32%), or the income of someone else in the household (29%). Only one-in-six respondents (16%) believed they could rely on each of redundancy pay, income protection or benefits. One-in-five (20%) would rely on borrowing as a safety net, and a quarter (24%) would sell possession or assets.

However, **access to safety nets was not equal across all workers**. Those in the retail industry, lower-income households and part-time workers were more likely to have no safety net at all to fall back on. Workers who owned their own home were consistently more likely to have access to safety nets.

There were also notable differences by type of safety net. Social renters were less likely to have savings. Younger people were more able to draw on support from family and friends, or to move back to the family home. Renters, single parents and lower-income households were more likely than others to see social security benefits as a potential safety net.

Self-employed workers are particularly financially vulnerable to life events. Our commissioned survey showed they were much less likely to have access to sick pay or redundancy pay. Previous studies and our qualitative interviews also indicate that self-employed people are especially vulnerable to a drop in income – an event that appears to be the most financially damaging.

(Re) building safety nets

Looking back on their experiences of life events, participants in the qualitative interviews identified three factors that might have helped them manage better:

1. Building a savings pot
2. Living without using credit
3. Seeking help earlier.

For people who had them, **savings could be an effective safety net to support them through shorter term impacts of a life event**. Our FLS data analysis showed that individuals with more savings products were consistently less likely to experience poor financial outcomes after a life event, all else being equal.

However, it was clear from the qualitative interviews that **safety nets such as savings and sick pay could only stretch so far in offsetting a loss or drop in income**, particularly where life events played out over a longer period of time, had legacy impacts, or were compounded by other events. While these safety nets were effective in the short-term, therefore, people may also need long-term support to avert or manage serious financial difficulties. Among the ideas mentioned by interviewees were long-term sick pay, adjustments to jobs to allow those with ill health or disability to work, and better support through the social security system.

Targeted policies and regulation could help to better support people when unexpected events occur

Recommendations for government

- Increase protection for self-employed and non-standard workers, introducing contributory sickness protection for self-employed workers, and extending support for other life events, including parental leave and bereavement.
- Improve protection against sickness and health-related income loss, by reviewing the adequacy of the level of Statutory Sick Pay.
- Strengthen the adequacy and timeliness of social security benefits by considering policies such as reducing or removing the five-week wait for Universal Credit; converting Universal Credit advance payments into non-repayable grants in cases of crisis; increasing Local Housing Allowance rates; or even introducing rent controls.
- Support households to (re)build financial resilience by expanding access to incentivised savings schemes, and increasing awareness and take-up of existing schemes.
- Improve signposting to support at key life events, develop more joined-up systems, and increase the use of trusted channels and digital tools to connect people with support.
- Expand access to free debt advice services to significantly narrow the gap between demand and supply.

Recommendations for employers

- Help employees build a savings pot by implementing payroll savings schemes.
- Provide clear and regular information about workplace entitlements.
- Offer group income protection insurance for staff, particularly for long-term illness beyond the 28-week Statutory Sick Pay limit.
- Provide ways to preserve the employment relationship in the event of illness or caring responsibilities, through unpaid leave or flexible hours.

Recommendations for creditors

- Build on the principles of the FCA's Consumer Duty to ensure the fair treatment of all individuals who undergo a life event and experience debt or arrears issues as a result.
- Recognise that caring responsibilities can be a form of vulnerability, in the same way as bereavement, job loss or relationship breakdown.
- Consistently offer proactive support, such as income maximisation tools, to those who are struggling.



CONTENTS

Foreword	3
Executive Summary	4
1 Introduction	9
2 Experiencing life events	15
3 Preparedness and safety nets	29
4 Support with managing life events	47
5 Conclusions and recommendations	53
Appendix	63

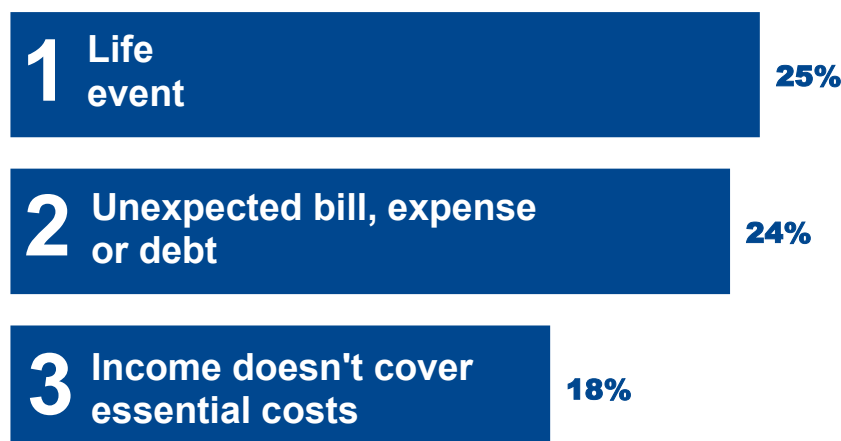
1 INTRODUCTION

This research provides new insights into the links between life events – such as job loss, bereavement or relationship breakdown – and financial difficulties, and the role of different safety nets in helping to break these links. It mainly focuses on adults aged 25-55.

We all know that life can be unpredictable at times, full of ups and downs. At a time when many household budgets are already stretched, it can take just one of these unexpected life events to send people into the red.

The Money Advice Trust commissioned this research because this is something it sees all too often. Among the people the charity supports through National Debtline, life events were the number one reason for people's financial difficulty – affecting one-in-four (25%) of their clients in 2024/25 (Figure 1.1).

Figure 1.1 – Top three reasons for financial difficulty among National Debtline clients (October 2024 – June 2025)



The Money Advice Trust was therefore interested to explore this relationship in more detail – understanding what kinds of life events are associated with higher or lower risk of financial problems, what groups are more or less affected, and what can be done to improve the UK population's financial resilience and safety nets in the event that the unexpected happens.

Research aims and methodology

The main aim of the research was to provide new insights into life events, financial resilience and financial preparedness, to help understand how to better prevent people falling into problem debt after experiencing such an event.

We explored which factors and/or safety nets help people cope financially with life events, as well as people's attitudes to, and ability to build, their financial resilience to cope with the life events they may experience. From this understanding, we worked with the Money Advice Trust to co-produce a set of recommendations to help people in these positions: public policy actions and interventions that can help build people's financial resilience and improve safety nets.

To address the research questions, we took a five-stage approach:

	Research method	Overview
1	Rapid evidence review	Review of existing literature on the factors affecting people's ability to cope financially with life events, including understanding demographic and socio-economic differences in financial resilience. 57 relevant items were included (all post-2010, UK based).
2	Qualitative interviews	25 interviews with people who have recently experienced a life event – 14 who had fallen into serious financial difficulties as a result (previous National Debtline or Business Debtline clients) and 11 who had not.
3	Analysis of FCA's Financial Lives Survey	Secondary analysis of 2024 data: 8,000 respondents aged 25-55, with 2,000 experiencing a life event in the past 12 months. To measure the impact of recent life events and effect of safety nets on financial outcomes.
4	Commissioned YouGov survey	A representative sample of 2,124 UK adults aged 18+, from which we analysed the results for 1,166 UK adults aged 25-55 to understand levels of preparedness for life events and availability of different safety nets.
5	Policy recommendation development	Review of evidence on policy and interventions, along with a policy workshop to co-produce recommendations.

Life events in the UK

In this report, we focus on life events that the Money Advice Trust often encounters among their clients in financial difficulties:

- Job loss or significant, prolonged reduction in hours
- Falling ill (with a serious illness or becoming disabled)
- Becoming a carer to someone in the household
- Bereavement in the household
- Relationship breakdown (in a household where there was shared financial responsibility between the partners)
- Birth of a child / new child in household.

These are all events that may have a substantial impact on household finances, through reducing income or raising costs, either over the short or long-term. In analyses of the Financial Conduct Authority's (FCA) Financial Lives Survey (FLS), we also consider domestic or economic abuse and being the victim of financial fraud. These were not a core focus of our analysis, however, because they were measured over a different time period or in a different way to other life events.

Throughout the research, we focus on UK adults aged between 25 and 55. While life events affecting those outside this range are no less important, the safety nets available to the under-25s and the over-55s are often different to those available to people of working age. These include greater reliance on family or the parental home among younger adults under 25, and the option to access pensions early for those aged 55 and over.

How common are different life events?

As Figure 1.2a shows, in a given year, around a quarter (25%) of people aged 25-55 had experienced one of the life events asked about in the FLS. The most common life event in the past 12 months was an income shock (8%) related to either job loss and redundancy (6%) or a loss of hours (3%), followed by a new baby (6%), illness or accident within the family (6%), death of a parent, partner or child (5%), and relationship breakdown or divorce (5%).

In addition to the above life events – which are part of the FLS's core 'life events' questions – the survey also allows us to look at other significant recent events. We see that 15% of 25-55 year-olds had experienced some form of banking or financial services-related fraud in the past 12 months, and 5% had experienced financial or economic abuse within the past five years.

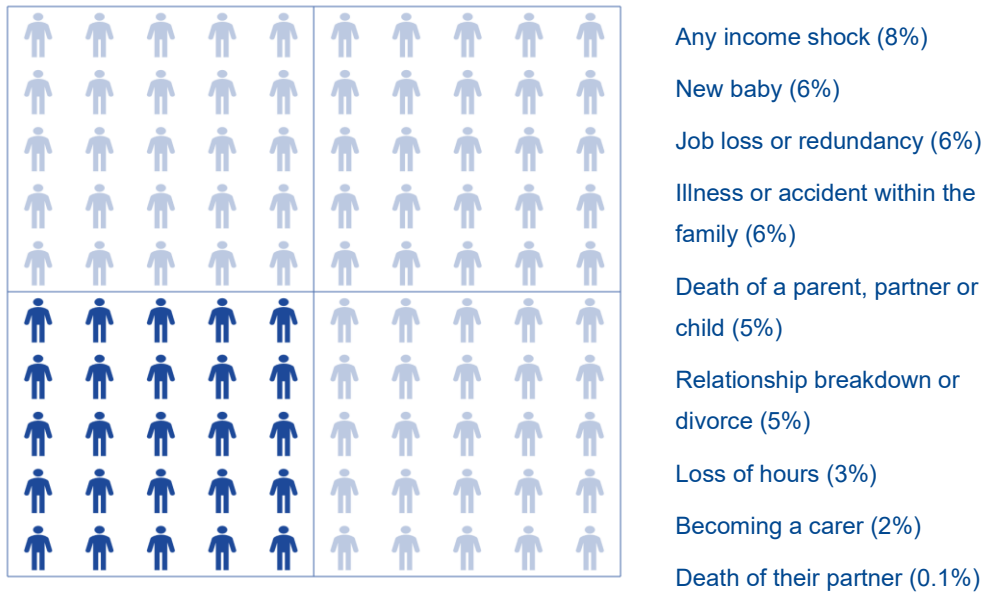
As Figure 1.2b shows, based on the questions asked within the commissioned YouGov survey, when we look over a three-year period, the proportion of 25–55 year-olds who experienced a life event increased to more than half (52%).

The YouGov data indicates that while one-in-five adults aged 25-55 had incurred some form of income shock over the last three years, this was not actually the most common life event – death of a close family member (22%) was highest. This is likely to be inconsistent with the FLS findings due to the different terminology employed: 'close family member' in the YouGov survey

compared with more precise mentions of parents, partners or children in the FLS. One-in-eight (12%) meanwhile had experienced a serious accident or illness in the past three years, with more than one-in-twenty (6%) affected by relationship breakdown or divorce.

Figure 1.2 – What proportion of people experience life events?

a. In the past 12 months, a quarter (25%) of people aged 25-55 had experienced one of the following life events...



Source: author analysis of the Financial Lives Survey (2024).

b. This rises to over half (52%) if looking at the past three years...



Source: author-commissioned YouGov survey (2026). Please note that life events asked about differ slightly between this and the Financial Lives Survey data used above.

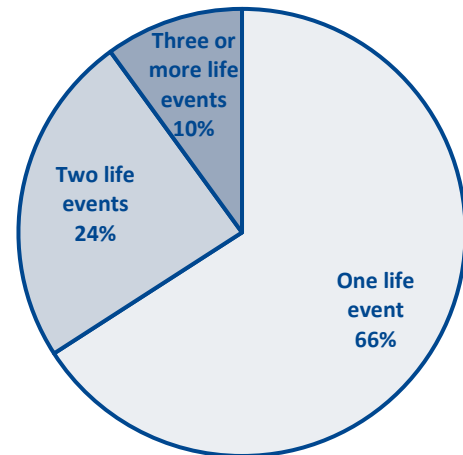
It was also not uncommon for people to have experienced multiple life events. Within the past three years, around a third (34%) of those who had experienced any life event in our YouGov survey had been affected by multiple life events. This equates to 18% of all adults aged 25-55, with 12% experiencing two life events, and 5% experiencing three or more.

The most common life events for those who had experienced two in the past three years were bereavement (affecting 59% of those with two life events) and job loss or redundancy (44%).

Where three or more life events had occurred, the most common was a serious accident or illness (66%), followed by bereavement (61%) and job loss or redundancy (57%).

Figure 1.3 – How common are multiple life events?

(Multiple life event prevalence in past three years, as percentage of those incurring any life events)



Source: author-commissioned YouGov survey (2026).

Who experiences which life events?

While anyone can be affected by life events, some types of event are more common among certain groups of the population. Our analysis of the FLS shows that age is one of the biggest drivers, with younger adults (25-34) more likely to have had a new baby in the past 12 months (10% of this age group, compared with an average of 6%) and also slightly more likely to have experienced an income shock (9%, compared with 8%).

Illness and accidents meanwhile were more common among those in middle age (7% of the 45-54 age group, compared with 6% overall), as were deaths within the family (8%, compared with 5%) and becoming a carer (2.3%, compared with 1.7% overall).

Gender also played a role. Female respondents were more than twice as likely to have become the main carer for a close family member (2.3%) than male respondents in the past 12 months (1.1%).

Having a low household income was associated with job loss/redundancy or loss of hours, illness or accidents, relationship breakdown, and – to a lesser extent – becoming a carer.

About this report

The report is structured as follows:

- **Section 2:** explores what happens when people experience life events, what the financial impacts can be, how people are impacted by life events differently, and what factors can compound the financial impacts of life events.
- **Section 3:** looks at how and why people feel prepared for the financial impacts of life events, what safety nets they have in place to manage these, how and when these safety nets can be useful, and barriers to building or rebuilding safety nets.
- **Section 4:** explores what support has been useful to those who have experienced life events, what lessons they have learnt from these experiences, and what support would be useful in the future.
- **Section 5:** summarises the key findings and sets out our co-produced recommendations.

2 EXPERIENCING LIFE EVENTS

Unexpected life events increased the chance of experiencing worse financial outcomes. Loss of hours at work and multiple life events were typically associated with the poorest financial outcomes. Our qualitative data showed that existing debts; high housing costs; difficulties accessing benefits; barriers to work; and being a single-income household were all associated with poor financial outcomes following a life event.

The impact of different life events on financial hardship

The studies in our rapid evidence review ranged considerably in the life events that they focused on, and the types of financial impact explored. Some were more focused on income-related or poverty metrics, while others looked at debt, subjective financial difficulty, or additional costs. A minority considered how life events impacted on people's ability to deal with financial services or to obtain appropriate advice or information about their financial situation.

Regardless of the measure used, however, individuals who had experienced the life events in question typically had worse financial outcomes than those unaffected. Polling in 2019 found that people who experienced a life event in the past two years were three times as likely to be in problem debt than those who had not experienced one.¹ Similar polling in 2021 estimated that 15 million people (28%) in the UK had experienced at least one life event in the previous two years that had left them "struggling to cope financially".²

The FCA's analysis of the 2024 FLS shows that 10.9 million of all UK adults had experienced a recent negative life event and, of those, 22% went on to have problems with their finances or dealing with financial services.³ Its analysis includes a wide range of issues associated with life events, such as being turned down for a product or service, being afraid to disclose a change in circumstances to financial services providers or insurers, and not being able

¹ StepChange Debt Charity (2019) [Life happens. Understanding financial resilience in a world of uncertainty.](#)

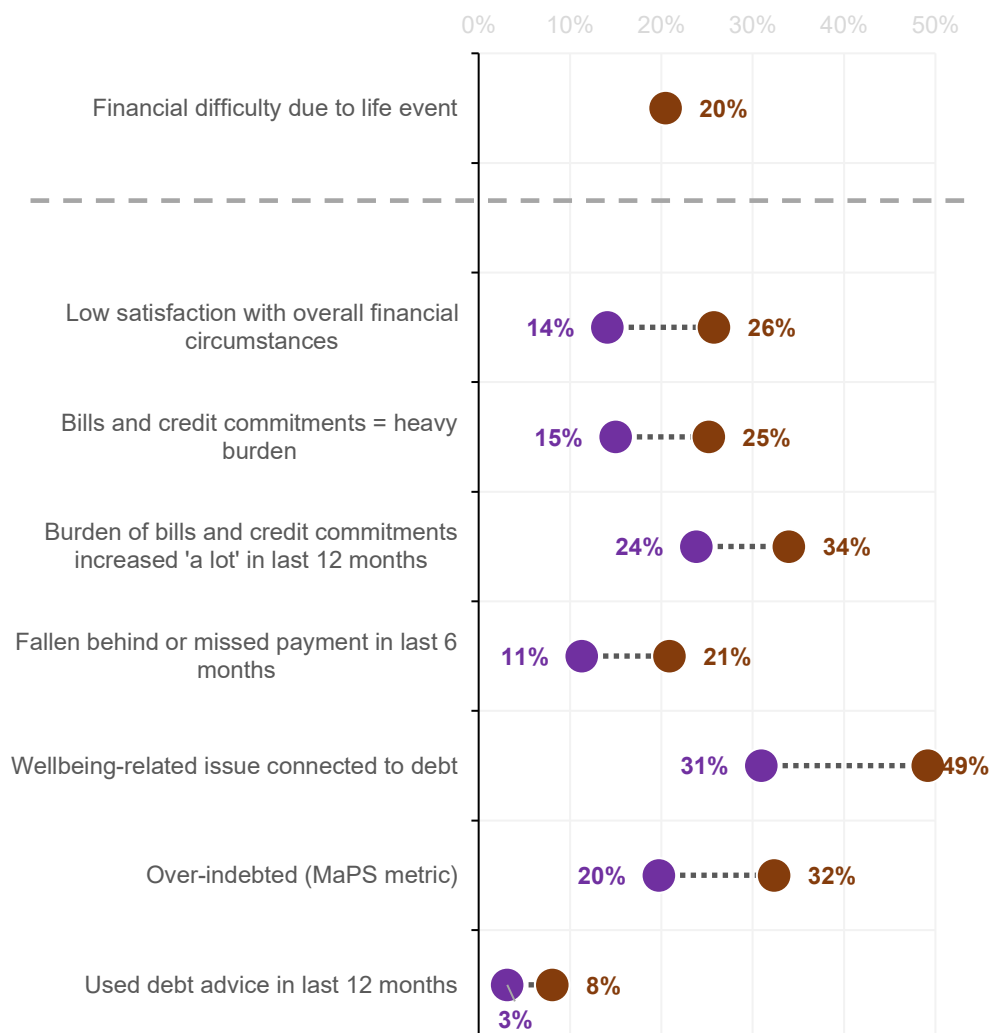
² Turn2us (2021) [Life events and financial insecurity. Executive summary.](#)

³ FCA (2025) [Financial Lives 2024 survey. Vulnerability and financial resilience.](#)

to speak to a specialist team at a financial services provider in relation to their change of circumstances.

In our own analysis of the FLS for this study, we focused on a narrower sub-section of impacts experienced by adults aged 25-55: falling into debt as a result of the life event; falling behind on debt repayments; and struggling to cope with managing their money. As shown in Figure 2.1, we find that one-in-five (20%) adults aged 25-55 had experienced one of these negative financial impacts as a result of a life event in the past 12 months. The converse, which is also important to note, is that four-in-five (80%) of people who experienced a life event did *not* experience financial difficulties as a result.

Figure 2.1 – Financial outcomes were typically worse for those 25-55 year-olds experiencing any life event in the past 12 months, compared to those experiencing no life events.



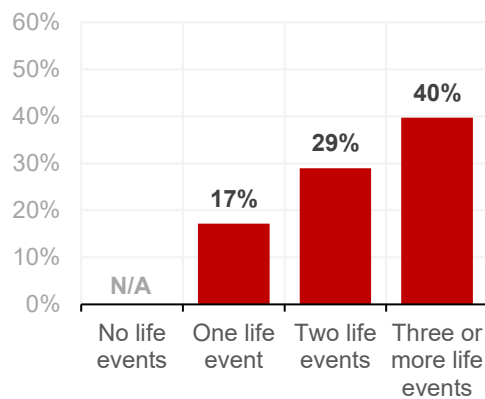
Notes: author analysis of the FLS (2024). Respondents aged 25-55 only. Percentages represent the percentage of those who had/hadn't experienced a life event who had also experienced a given financial outcome. Figure for 'none' not shown for the first item because this was only asked as a follow-up question of those who had experienced at least one life event.

Figure 2.1 also compares a range of financial outcomes in the FLS for those who did, versus did not, experience a life event in the past 12 months. Unlike the previous findings, these outcomes were not asked about specifically in relation to the life event in question; however, they still show a clear pattern of being significantly worse for those affected by a life event. We see, for example, that over a third (34%) of adults who experienced a life event reported that the burden of bills and credit commitments had increased ‘a lot’ in the past 12 months, compared to just under a quarter (24%) of those with no life events. Similarly, those affected by a life event were nearly twice as likely to have fallen behind with or missed a bill payment in the last six months (21%, compared with 11% for those with no life events).

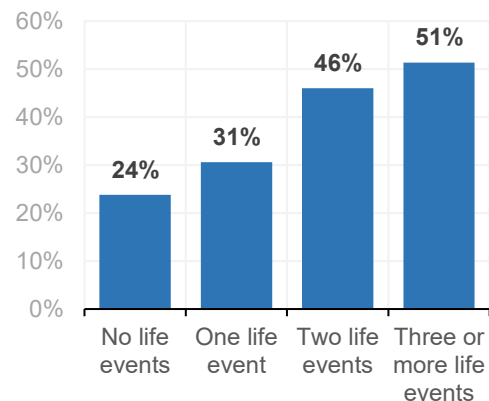
Individuals who incurred multiple life events generally had even worse financial outcomes. As Figures 2.2a and b show, 17% of respondents who had faced one life event in the past 12 months felt this had caused them financial difficulties, rising to 29% among those who had experienced two, and as many as 40% of those who had experienced three or more life events. The percentage reporting a worsening burden of their bills and credit commitments also increases at a similar magnitude the more life events they experienced.

Figures 2.2a-b – Financial outcomes were worse for those who experienced multiple life events in the past 12 months

a. Financial difficulties specifically related to life event



b. Burden of bills and credit commitments became ‘a lot’ worse over past 12 months



Notes: author analysis of the FLS (2024). Respondents aged 25-55 only.

What does the evidence show about which types of life event are associated with worse financial outcomes?

In Table 2.1 we present the overall trends in financial outcomes across different types of life event, based on our analysis of the FLS. We are not suggesting that some life events are better or worse for people's finances than others. Rather, the same life events can have different impacts from person-to-person, household-to-household.

Loss of hours

Of the life events experienced in the past 12 months, we find that loss of hours at work was typically associated with the poorest financial outcomes. Those who had experienced a loss of hours were most likely to report that this had led to them falling into debt, falling behind with payments, or struggling to manage money (30%, compared to 27% for job loss or redundancy and the same figure for relationship breakdown or divorce). While loss of hours isn't as common as other income shocks, this finding tallies with previous research that also found it was the life event that left the highest proportion of households feeling financially worse-off (84%, compared to 67% for redundancy/unemployment, 60% for a new baby, and 59% for a chronic condition).⁴

The fact that loss of hours has worse financial outcomes than job loss or redundancy almost seems counterintuitive, but is possibly linked to the lack of redundancy payments for those who 'only' lose hours or have less ability to find new replacement employment.

Relationship breakdown

Relationship breakdown generally had a similar level of negative financial outcomes to job loss or redundancy, with 27% of those affected reporting financial difficulties due to the life event. Debt-related wellbeing issues were actually higher for this group, with two-thirds (66%) reporting some kind of wellbeing issue, compared to half (54%) who had experienced job loss.

This does, however, include relationship difficulties that resulted from debt, possibly suggesting a two-way association between financial difficulty and relationship breakdown. Other studies have identified the emotional burden of financial strain on people, which often causes friction between members of the household.⁵

Our analysis also supports previous research, that women tend to be more financially affected by partnership dissolution than men, as Figure 2.3 shows.⁶ This likely reflects the difference in employment levels and wages between

⁴ StepChange Debt Charity (2019) [Life happens. Understanding financial resilience in a world of uncertainty](#)

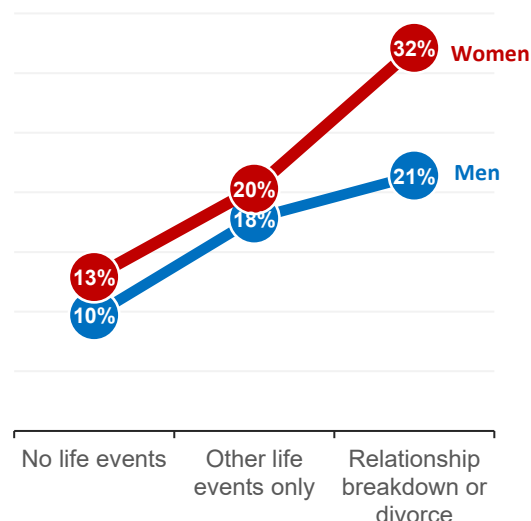
⁵ Montgomerie, J. & Tepe-Belfrage, D. (2017) Caring for Debts: How the household economy exposes the limits of financialisation. *Critical Sociology*, Volume 43(4-5), pages 653–668. doi: 10.1177/0896920516664962

⁶ Tamborini, C.R., Couch, K.A., Reznik, G.L. (2015) Long-term impact of divorce on women's earnings across multiple divorce windows: A life course perspective. *Advances in Life Course Research*, Volume 26, pages 44-59. doi:10.1016/j.alcr.2015.06.001

men and women prior to the split.⁷⁸ A recent survey of divorced adults found that women were twice as likely as men to reduce their working hours after divorce to accommodate caring responsibilities (14% of women vs. 7% of men) and were much more likely to struggle balancing childcare with work after separating (19% vs. 9%).⁹

As we go on to discuss below, victims of domestic violence and abuse (who tend to be women) often experience post-separation poverty, where the transition to a single-adult household leads to a significant fall in income and an increase in debt¹⁰, as well as potentially having to deal with coerced debt they were forced or manipulated to take out by their abuser; and bearing the full costs of looking after children due to the abuser withholding child support.¹¹

Figure 2.3 – Women were more likely than men to have fallen behind with household bills after relationship breakdown or divorce



Notes: author analysis of the FLS (2024). Respondents aged 25-55 only.

Health

The financial outcomes were fairly mixed among adults aged 25-55 who had been through a serious illness or accident in the past 12 months (or whose partner or 'close family member' had).

One-in-five (21%) of this group reported financial difficulties due to a serious illness or accident, close to the average for all life events (20%). The fact that this figure is not higher potentially relates to the inclusion of close family members, who may not necessarily have a direct financial relationship with the respondent or their partner. Different illnesses and conditions also have differing impacts on people's finances. Indeed, if we look solely at those who the FCA identify as being in a 'vulnerable situation' due to poor health and/or having a progressive condition (approximately a quarter of those who had experienced an illness/accident-related life event in the past 12 months), we see that this figure rises from 21% to 36% reporting financial difficulties (compared to 15% among those who were not in such a vulnerable situation).

⁷ Women's Budget Group (2025) [The financial reality facing women on divorce](#)

⁸ Office for National Statistics (2022) [Families and the labour market, UK: 2021](#)

⁹ <https://group.legalandgeneral.com/asset/4932f6/globalassets/group/newsroom/press-releases/pdfs/2025/04/the-divorce-gap-women-see-their-household-income-cut-in-half-in-the-year-after-a-divorce.pdf/>

¹⁰ Fahmy, E., & Williamson, E. (2018) Poverty and domestic violence and abuse in the UK. *Journal of Gender-Based Violence*, 2(3), 481-501. doi: 10.1332/239868018X15263881184558

¹¹ <https://survivingeconomicabuse.org/i-need-help/debt/what-is-coerced-debt/>

The wider literature certainly highlights the links between health-related life events and poor financial outcomes. Looking specifically at cancer, Longo *et al* (2020) describe a range of financial impacts following a cancer diagnosis, including lost income, travel and accommodation costs, and other out-of-pocket costs.¹² Moffat *et al* (2012) found that nine-out-of-ten cancer patients' households experienced a loss of income as a direct result of cancer,¹³ while Finney *et al* (2012) estimated that this meant an average monthly cost of £103 to affected families, though the figure has likely increased since then.¹⁴ Disability, more broadly, can be connected to poorer financial outcomes, loss of hours, and a greater likelihood of persistent or recurrent poverty.^{15,16}

¹² Longo, C.J., Fitch, M.I., Banfield, L., Hanly, P., Robin Yabroff, K. & Sharp, L. (2020) Financial toxicity associated with a cancer diagnosis in publicly funded healthcare countries: a systematic review. *Supportive Care in Cancer*, Volume 28, pages 4645–4665. doi: [10.1007/s00520-020-05620-9](https://doi.org/10.1007/s00520-020-05620-9)

¹³ Moffatt S., Noble E. & White M. (2012) Addressing the Financial Consequences of Cancer: Qualitative Evaluation of a Welfare Rights Advice Service. *PLoS ONE*, Volume 7(8): e42979. doi: [10.1371/journal.pone.0042979](https://doi.org/10.1371/journal.pone.0042979)

¹⁴ Finney, A., Collard, S., Davies, S. & Hayes, D. (2013) [The financial impacts of cancer](#). University of Bristol Personal Finance Research Centre.

¹⁵ Shahtahmasebi, S., Emerson, E., Berridge, D. & Lancaster, G. (2011) Child Disability and the Dynamics of Family Poverty, Hardship and Financial Strain: Evidence from the UK. *Journal of Social Policy*. 40(4):653-673. doi: [10.1017/S0047279410000905](https://doi.org/10.1017/S0047279410000905)

¹⁶ Emerson, E., Stancliffe, R., Hatton, C., Llewellyn, G., King, T., Totsika, V., Aitken, Z. & Kavanagh, A. (2021) The impact of disability on employment and financial security following the outbreak of the 2020 COVID-19 pandemic in the UK. *Journal of Public Health*. 43(3):472-478. doi: [10.1093/pubmed/fdaa270](https://doi.org/10.1093/pubmed/fdaa270)

Table 2.1 – Financial outcomes, by type of life event (Red cells indicate higher values and blue cells indicate lower values)

Financial outcome	Any life event in past 12 months?		Type of life event in past 12 months								Other recent events	
	No life events	Any life event	New baby	Job loss or redundancy	Loss of hours	Any income shock	Relationship break-down or divorce	Serious illness or accident within family	Bereavement	Becoming a carer	Financial abuse in past five years	Banking fraud in past 12 months
Financial difficulty due to life event: debt, falling behind on debt repayment, struggling to manage money	-	20%	-	27%	30%	27%	27%	21%	14%	27%	-	-
Low satisfaction with overall financial circumstances	14%	26%	20%	34%	38%	34%	34%	30%	19%	32%	42%	22%
Keeping up with bills and credit commitments is: A heavy burden	15%	25%	18%	34%	36%	34%	31%	30%	21%	30%	44%	24%
Change in burden of bills and credit commitments in last 12 months: A lot more of a burden	24%	34%	29%	43%	48%	42%	39%	37%	26%	38%	45%	31%
Fallen behind or missed payment in last 6 months	11%	21%	18%	27%	32%	28%	28%	25%	17%	25%	40%	19%
Some form of wellbeing-related issue	31%	49%	42%	54%	67%	58%	66%	52%	42%	48%	74%	45%
Over-indebted (MaPS metric)	20%	32%	27%	41%	47%	42%	41%	37%	27%	37%	55%	31%
Used debt advice in last 12 months	3%	8%	6%	11%	14%	12%	12%	10%	8%	11%	18%	7%
<i>Unweighted Count</i>	5,930	2,034	485	440	198	603	387	470	390	136	399	1,068

Notes: author analysis of the FLS (2024). Respondents aged 25-55 only.

Caring responsibilities

Adults aged 25-55 in the FLS who had become a carer in the past 12 months were as likely as those who had lost their job to report financial difficulties as a result (27%). Other measures of financial wellbeing, however, were generally *slightly better* for carers than for job loss – and closer to the overall average for all life events. For example, just under two-in-five carers (38%) said their bills and credit commitments had become a lot more of a burden in the past 12 months, compared with nearly half (48%) of those who had lost their job.

Previous research indicates that 50% of those who took on caring responsibilities for a family member or friend in the last two years (estimated to be one million adults in Britain) felt ‘financially worse-off’ as a result – similar to relationship breakdown/divorce, but lower than income shocks.¹⁷ Research with carers who claim Carer’s Allowance meanwhile found just 28% thought the payment provides enough income to give up work without a financial struggle,¹⁸ while Carers UK suggests that “unpaid carers are losing out on around £160 a month because Carer’s Allowance has failed to keep pace with rising earnings over the past 50 years”.¹⁹

New baby or child in the household

While FLS respondents who had had a baby (or adopted one) in the past 12 months were not asked directly about how it had affected them financially, on most metrics they fared better than those experiencing other life events (though still worse than those who had experienced no life events). It should be noted, however, that the timeframe (within the past 12 months) could affect these results, as maternity leave may cover salary for a substantial portion of the first year and things like childcare costs may not ramp up until a little later. Indeed, other research that focused on a two-year window for life events actually found that having a new child was one of the more financially detrimental life events they asked about.²⁰

Bereavement

Bereavement had similar financial impacts to having a new child, though it is important to note that this includes the death of parents as well as death of a partner. The latter had only a small sample size, so could not be analysed independently – but we would generally expect this to have a greater financial impact than the death of an elderly parent, for example, where the deceased person is less likely to be contributing to the household finances. In many situations of bereavement – beyond the emotional impacts of grief – there are also practical financial issues that families may face, ranging from funeral costs, sorting out financial affairs, and dealing with inheritance-related issues.

¹⁷ StepChange Debt Charity (2019). [Life happens. Understanding financial resilience in a world of uncertainty](#)

¹⁸ Onumonu, M. (2026) [Most unpaid carers say Carer’s Allowance is not enough to cover lost income](#)

¹⁹ Carers UK (2026) [Unpaid carers ‘£160 worse off a month’ as Carer’s Allowance fails to keep pace with rise in earnings](#)

²⁰ StepChange Debt Charity (2019). [Life happens. Understanding financial resilience in a world of uncertainty](#)

Financial and economic abuse

While not included within the FLS's bank of 'life events' questions – and therefore asked about on a different timescale (5 years, not 12 months) – we find that the experience of financial abuse was generally associated with the worst financial outcomes. This disproportionately affects women, who comprise over two-thirds (68%) of those affected by financial abuse in the FLS.

Two-in-five (40%) adults aged 25-55 who experienced such abuse had fallen behind or missed a payment on household bills in the last 6 months, compared to an average of 21% across all life events. Over half (55%) of this group were considered 'over-indebted' according to a metric used by the Money and Pensions Service. This tallies with previous research that found significant levels of coerced debt for victim-survivors of economic abuse, equivalent to over £27,000.²¹ These debt repayments often absorb people's income, deplete their savings and damage their credit rating. Even after abuse ends, therefore, it still has a legacy of negative financial impacts, alongside the other significant harms experienced.

As well as abusers withholding court-mandated child support (as mentioned above), Fahmy and Williamson (2018) describe how abusers may use job interference tactics as a means to control their partner. This can involve sabotaging their work performance or otherwise limiting their ability to work.²² Ultimately, this can have significant further consequences: Chan *et al* (2021) find that emotional intimate partner violence (IPV) is associated with a 44% increase in the risk of homelessness, while physical IPV more than doubles the risk (over 100% increase).²³

A typology of different life events

The evidence review highlights two key factors that affect the impact of a particular life event:

1. **Temporal form** – how quickly an event and its impacts occur, and how long-lasting these are; and
2. **Agency / control over the event** – the extent to which a life event was imposed on someone or chosen by them.

Table 2.2 suggests how these two factors relate to different life events. Each of these factors has a bearing on the nature of the financial impacts that households are likely to incur, which has implications for the appropriateness

²¹ Wiper, C. & Glinski, J. (2025) The Role of Banks in Addressing and Preventing Coerced Debt in the Context of Intimate Partner Abuse, *The British Journal of Criminology*, XX, 1–17. doi: 10.1093/bjc/azaf078

²² Fahmy, E., & Williamson, E. (2018) Poverty and domestic violence and abuse in the UK. *Journal of Gender-Based Violence*, 2(3), 481-501. doi: 10.1332/239868018X15263881184558

²³ Chan, C.S., Sarvet, A.L., Basu, A., Koenen, K. & Keyes, K.M. (2021) Associations of intimate partner violence and financial adversity with familial homelessness in pregnant and postpartum women: A 7-year prospective study of the ALSPAC cohort. *PLoS ONE* 16(1): e0245507. Doi: 10.1371/journal.pone.0245507

of different safety nets and (re)building financial resilience to reduce the risk of problem debt.

Table 2.2 – Life events may differ in their temporal form and levels of agency / control that households have over them

Life Event	Temporal Form	Agency / Control
Job loss or significant, prolonged reduction in hours	Acute onset, often chronic.	Largely imposed (though some may take voluntary redundancy).
Relationship breakdown or divorce	Acute with chronic consequences.	Partial agency.
Serious illness or disability	Onset can be acute or more gradual. Impacts may be chronic or more temporary.	Largely uncontrollable.
Becoming a carer	Onset may be gradual or rapid, but can be chronic over many years.	Often little choice, especially if financial circumstances constrain ability to pay for care.
Birth of a child / new child in household	Period of pregnancy to prepare, followed by an acute transition and then longer-term impacts.	Mostly voluntary.
Bereavement in household	Acute loss → chronic grief	Uncontrollable.
Domestic violence and abuse	Chronic pattern with acute episodes.	Imposed, coercive.

What factors compound the negative financial impact of life events?

From the qualitative interviews, by comparing the experiences of National Debtline and Business Debtline clients against interviewees who hadn't fallen into financial difficulty, we identified several factors that increased the likelihood of facing negative financial outcomes as a result of experiencing one or more life events. These included: existing debts; housing costs; barriers to work; access to social security benefits; and being a single income household.

Existing debts

For a number of the National Debtline and Business Debtline clients we spoke to, their ability to manage financially after a life event was hindered by **the level of existing debt they were holding**. The debt had generally been taken on at a time when the repayments were affordable but were now a burden because of a drop in income, as in Darren's case below.

CASE STUDY - DARREN

Darren²⁴ had been using consumer credit as a money management tool to fund his spending, then taking on overtime to clear the debt. This was just about manageable while he was working. When he lost his job, however, he missed a number of credit card repayments, but also increased his overall borrowing to manage his day-to-day living expenses including paying household bills.

“It was really tight with the salary coming in...But when I didn't have it, I was missing payments on bills because of it. ...It was a case of I had an alright job, but I was just getting by. Only just. But then I wasn't getting by. At all”

Finding a new job was harder than he anticipated, so after a few months he contacted National Debtline and was advised to apply for a Debt Relief Order (DRO). Darren's story also highlights the fact that consumer credit can be a safety net for those without alternatives such as savings or family support.

Other people we interviewed also noted that having debt made things more difficult for them, and that, on reflection, they may have made different choices, if they had known what lay ahead. As Sarah described:

“I wouldn't have got the loan out that I got... there was a few credit things I probably would have paid a lot more off of ... I would have been paying down my credit rather than, you know, getting the extra loan out, rather than spending more money on my credit card.”

One or two of the people we spoke to had been able to draw on borrowing as a short-term fix when their income had reduced, although this was not always beneficial in the long term. Several Business Debtline clients had taken out business loans to manage through the Covid-19 pandemic, when it was hard to predict how their businesses would fare. For some, this allowed them to build a successful business during a testing time; for others, it caused further financial issues. Borrowing, therefore, can help to manage the short-term impacts of a life event, but can leave people more vulnerable if the impacts are chronic, or another event happens (see David's story below).

Housing costs

As well as existing debt, **housing costs** were a major outgoing that could make a big difference to whether a household managed financially or not following a life event.

²⁴ We have changed people's names for confidentiality.

CASE STUDY - DAVID

David, in his 40s, lost his job just before the Covid-19 pandemic, so wasn't entitled to any furlough payments. Instead, he used a combination of grants and loans to set up a new business. His business was successful, and in this respect, borrowing had been an effective strategy.

"...mid-Covid, I was back on track again. The government did a lot of Covid grants for new businesses and things as well, which really helped at the time to try and get finances back on track."

However, within a few years, he needed to move out of his house due to a relationship breakdown. While his business was doing okay at this point, he struggled to afford the private rental costs he was incurring.

"... that relationship broke down. I had no property to go to. So it was either, you know, find private rented quickly or try and put myself on the council list. And for me, I didn't want to go down that route. So the council then supported that in order to remain private."

He took on further debt to manage this transition, but was now finding the overall level of debt just about manageable.

"... it's building up those funds... you know, the emergency savings in your bank, which I'm starting to do. So I'm more prepared than I was, but that's probably because my personality has changed more towards it. I'm a lot more stricter towards finances."

In general, experiencing relationship breakdown was an event that triggered a change in living arrangements and therefore a change in housing costs as well. There were a few homeowners among our interviewees who were able to downsize their property following a relationship breakdown, thereby significantly reducing their housing costs.

Barriers to work

Many **barriers to work** emerged from the interviews, making recovery from income loss more difficult, and the impact longer lasting. In particular, the onset of ill health in the household could make earning income through paid employment difficult.

Those we spoke to who were experiencing ill health themselves were unable to continue working in their existing job, as their physical or mental health issues made this impossible. Some left their job 'voluntarily', feeling unable to manage the requirements or responsibilities of their work, which had an impact on eligibility for benefits, such as one woman who had been working in a shop, but couldn't manage the physical effects of standing all day.

Others had caring responsibilities for their partner or for elderly parents, which limited their ability to work. Caring for parents was often, sadly, a precursor to a bereavement, highlighting the interconnected nature of life events and compounding factors, as Jean's story below illustrates.

CASE STUDY - JEAN

Jean was successfully running her own business, before experiencing both relationship breakdown and caring responsibilities in a short period of time. Her husband left their household around the time of the Covid-19 pandemic, and while she was able to carry on her business at this point, not long afterwards her mother became seriously ill. She moved location to look after her, which made it difficult to continue her business. Initially, Jean tried to rebuild her business in her new location but had ‘*little energy*’ while looking after her mum and eventually needed to wind it down to focus on caring. She received Carer’s Allowance until her mother passed away, but then ran into issues when her inheritance came through.

“I didn’t cope with so many different things, my GP signed me off, which meant I then went on to a different path for Universal Credit, which I just let them do what they needed to, because I didn’t understand. But then, of course, I had an inheritance, so I was then not eligible for a Universal Credit anymore, but still hadn’t built my business up properly.”

The combination of different factors reduced Jean’s financial stability, at one point losing both her house and income. However, she was able to secure a mortgage-free house with the inheritance she received from her mother, and at the time of the interview was working to build her business back up again.

Even without ill health, for some it had just been harder than expected to find work after job loss or redundancy. Having a gap on their CV then made it even more difficult; while some interviewees felt that their age was making the job search harder. Furthermore, the experience of Business Debtline clients was that self-employed income was inherently less stable, with fewer protections, which reduced the likelihood of weathering the financial impacts of life events.

Access to social security benefits

As demonstrated in Jean’s story above, **access to benefits** was not always straightforward, and this could make it more difficult to manage financially following a life event. There is little support with housing costs available to mortgage-holders or people with savings. The self-employed are assumed to be earning a minimum amount in the calculations for Universal Credit (UC)²⁵, and a life event may make this difficult. The drop in income may not be accompanied by an equivalent increase in Universal Credit; and there is no statutory or company sick pay available as there may be for employees.

The financial consequences of dependent children turning nineteen, and therefore ceasing to be eligible for any child-related benefits, could also compound financial difficulties. This was rarely related directly to the key life events experienced, however, as in Sonia’s story below.

²⁵ GOV.UK [Self-employment and Universal Credit](#)

CASE STUDY - SONIA

Sonia had been married for over 15 years and was a victim of financial abuse. When her husband unexpectedly left her and her son, she found out that he had stopped paying the rents and bills.

“I had no idea he was clearing out funds and then subsequently left this year, so that obviously put me and my son into financial [difficulty]... he cancelled the rent and Council Tax, which I didn't know, so the arrears had already built up by the time I was notified by my landlord.”

She didn't work and was left without access to any money.

“I was going through shock, stress, anxiety, nerves... physically feeling sick because I, you know, being a mum, I'm looking at my son and trying to create stability for both of us...financially I would say my landlord was the reason that I managed to stop myself going into like oblivion.”

With support from her Housing Association, she was able to start getting back on track. They helped her claim Universal Credit, and set an affordable plan for her rent arrears. However, she faced further hardship when her son became an adult.

“What happened was my son turned 19. So the child element was taken off my UC. I went from [receiving] between £700 and £900 a month to £390 a month, which was just horrific. And I just thought there's no chance I'm gonna survive on £390. And I say, that was probably the worst.”

Her son was still studying, so not in a position to earn money to help. This was in fact the catalyst for Sonia to seek help from National Debtline.

Often related to access to benefits, lack of timely diagnosis of health conditions and medical care could exacerbate financial difficulty. One woman we interviewed had left her retail job for health reasons. It took over a year before she was eventually diagnosed with a serious long-term condition. In that time, she was unable to work, or to apply for disability benefits. In order to cope financially, she and her husband took on an unmanageable level of debt.

Being a single-income household

Reliance on one household income was a further factor that made it more difficult to manage financially following a life event, unsurprisingly. For people we interviewed who lived alone, or were single parents, job loss or reduced hours were an immediate concern, but equally some couple households only had one earner at the time when they lost their job or became ill. Conversely, it was clear that having a second income, or the capacity to earn one, could be a safety net. After James, a married man in his forties, was made redundant, his wife took the opportunity to retrain as a healthcare professional, which will help to secure their finances in the future.

3 PREPAREDNESS AND SAFETY NETS

Our survey analysis of adults aged 25-55 showed that just 7% felt financially ‘fully prepared’ for a major life event. Nonetheless, respondents recognised the importance of building financial resilience and preparing for life events. While most workers had at least one safety net to supplement or replace lost income if a life event occurred, this varied considerably depending on people’s work and personal circumstances.

How prepared do people feel to cope with a life event?

In retrospect, few people we interviewed felt they had been prepared for the events they experienced. As noted in Chapter 2, those who were already indebted before the event often regretted having borrowed, even if the borrowing had been affordable when it was taken on. In cases of relationship breakdown, some regretted that they had been financially reliant on their partner. A few felt that they had been over-optimistic about how quickly they would find another job or recover from illness enough to restart working.

That said, our interviewees often had some form of safety net: savings, sick pay, or relatively low housing costs. This helped them to manage the initial, acute stage of the life event. It was when the situation didn’t resolve in the expected time, or when a further life event happened, that they were tipped into financial difficulty.

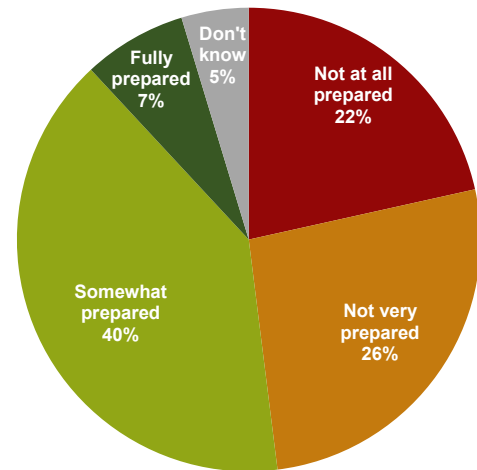
In light of this, the mixed picture we see from our analysis of nationally representative survey data for UK adults aged 25-55 is perhaps not a surprise (Figure 3.1).

Just 7% of adults aged 25-55 who responded to the survey said that they felt ‘fully prepared’ for the financial impacts of a major life event if one were to occur in the next three months. A further 40% felt ‘somewhat prepared’, suggesting some kind of access to a safety net. A quarter (26%) felt ‘not very prepared’, while 22% were ‘not at all prepared’.

Notably, where survey respondents had already experienced a life event within the last three years, levels of preparedness dropped further: 25% of those affected by a life event were 'not at all prepared' for another one, with this rising to 35% among those affected by two life events in the past three years and to 41% among those affected by three or more. This points to a potential longer-term erosion of financial resilience as people deal with the negative financial impacts of life events.

Despite this, the vast majority of respondents clearly recognised the importance of building one's financial resilience and preparing for life events:

Figure 3.1 – Just 7% of respondents felt financially 'fully prepared' for a major life event in the next 3 months



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only.

- **Over three-quarters (77%) agreed that 'it is important for me to put money aside for a rainy day' – and only 8% disagreed with this statement.**
- **Only a minority felt 'there is little or no point trying to plan financially for the future' – just 5% 'strongly agreed' with this statement, with a further 12% who 'tend to agree'. 64% meanwhile disagreed with this statement.**
- **But respondents were only slightly more likely to disagree with the statement 'my financial situation is largely outside my control' than to agree with it – 44% felt this statement described their attitude 'very' or 'quite well', while 51% felt it did not fit them 'well' or 'at all'.**
- **Similarly, respondents were slightly more likely to say that the statement 'the future will take care of itself' *doesn't fit them* than to say it *does fit them* – just 6% said this statement describes their attitude 'very well', with 31% saying it describes them 'fairly well'. 37% meanwhile thought it did not fit well and 16% thought it did not fit well 'at all'.**

Collectively, these results suggest that the majority of adults in the UK believe that personal responsibility is important when preparing for future life events. At the same time, there is some recognition that outside events – whether this be politics, conflict-related energy shocks or general economic issues – can knock people off course. Despite good intentions, there appears to be something of an 'intention-action gap' where people don't necessarily manage to build the safety net they aspire to.²⁶ In many cases, this is not for want of

²⁶ See, for example: The Decision Lab (2026) ['Intention-Action Gap](#)

trying; it is simply a reflection of the difficulties that people can face in actually building up adequate safety nets.

What safety nets do different workers have?

In our newly commissioned YouGov survey, we focused on asking workers aged 25-55 about the ways that they could potentially make ends meet in the first few months after a life event, to capture information about access to workplace benefits such as redundancy pay and sick pay. This included:

- **Options for cutting back** – how could they cut back on their spending to make their income go as far as possible?
- **Safety net options** – what sources could they use to supplement/replace their income if they lost their job or were too ill to work?

In both cases, we asked them to select only those options that would be realistic for them and their situation. In the case of cutting back, we asked them to exclude any actions that they were already taking, as they wouldn't be able to rely on them to cut back further in future.

Options for cutting back

Just over three-quarters (78%) of respondents said they could realistically cut back on spending in the event that they faced an unexpected financial shock. Unsurprisingly, the most common type of spending mentioned was cutting back on non-essentials, such as eating out, streaming services and holidays, mentioned by 66% of respondents – but more frequently among homeowners (73%) and the higher half of earners (76%) (Table 3.1). These groups also had greater ability to put off incurring large expenses (like home improvements) or to delay replacing costly appliances.

Accommodation-related cutting back was generally a greater option for younger adults and private renters. Overall, 10% of workers aged 25-55 said they would consider moving into cheaper accommodation, but this rose to 14% among those aged 25-34 and to 23% among private renters. Similarly, 8% of respondents would consider moving in with family (or friends) to save money, which rose to 14% among young adults and to 18% among private tenants. This may reflect a range of factors that can make it more difficult for homeowners and those closer to middle age to move house, whether this be the cost of moving, having children who are settled in a particular house or school, or just general societal norms about when it is and isn't 'acceptable' to move in with family.²⁷

Some respondents felt they had limited room for any reduction in their spending, however. Around one-in-ten (11%) said they had already cut back as much as they possibly could, a figure which rose to 16% among social

²⁷ See, for example: Grady (2023) [Why is there still so much stigma attached to moving back in with your parents?](#)

tenants and to 17% among the lower half of earners (with an annual household income under £40,000).

Even where households are able to cut back on their spending, ultimately there is a limit to how effective this can be. Cutting back may help to mitigate the impact of a loss of income, but many essential costs – such as rent, Council Tax and other household bills – are either mostly fixed costs or are hard to reduce without facing severe hardship (for example, choosing between heating or eating).²⁸ The act of cutting back therefore is rarely a panacea in the face of unexpected financial shocks. Adjusting spending was the first thing most people did in the wake of a life event, and this could certainly be helpful:

“I’ve sort of managed to keep up with bills and things. I’ve done an energy switch, which saved a bit of money as well” (Diana)

However, ultimately, for most people that we interviewed in depth, it was not enough to keep them out of debt.

²⁸ Burlinson, A., Davillas, A. & Law C. (2022) Pay (for it) as you go: Prepaid energy meters and the heat-or-eat dilemma *Social Science and Medicine*, 315.
<https://doi.org/10.1016/j.socscimed.2022.115498>

Table 3.1 – Ability to cut back on spending in different ways varies significantly by age, tenure and income

Colouring indicates whether a percentage is **high** or **low** compared to other values in the table.

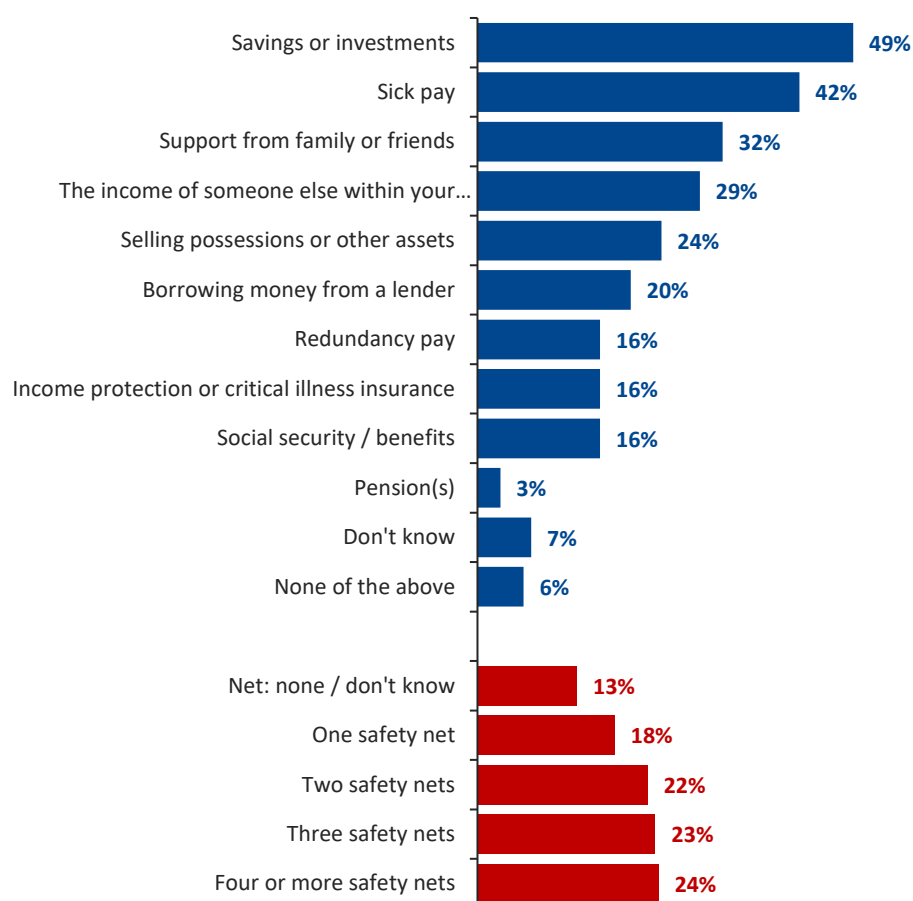
	Total	Age group			Housing tenure			Annual household income	
		25-34	35-44	45-55	Homeowners	Private renters	Social renters	Below £40k	£40k or more
Method of cutting back									
Cutting back on non-essential spending (e.g. eating out, streaming services, holidays)	66%	65%	67%	67%	73%	59%	51%	55%	76%
Delaying larger expenditure (e.g. home improvements, replacing a vehicle)	47%	45%	47%	49%	56%	39%	17%	33%	59%
Delaying replacing household items or appliances	38%	34%	39%	42%	43%	32%	30%	31%	44%
Using less energy, water or fuel	32%	31%	36%	29%	31%	31%	36%	30%	34%
Switching to a cheaper supermarket	29%	27%	32%	30%	31%	30%	22%	24%	34%
Switching to a cheaper phone or internet package	20%	18%	22%	21%	21%	19%	18%	19%	22%
Switching to a cheaper energy supplier	17%	18%	17%	16%	17%	16%	16%	14%	19%
Moving into cheaper accommodation	10%	14%	9%	7%	7%	23%	11%	11%	10%
Moving in with family (or friends) to save on housing costs or bills	8%	14%	8%	3%	6%	18%	3%	11%	8%
N/A – I/we have already cut back as much as possible	11%	8%	12%	14%	9%	15%	16%	17%	8%
None of the above would be realistic for my household	3%	3%	2%	5%	3%	2%	4%	4%	3%
Don't know	7%	8%	7%	6%	4%	7%	11%	7%	3%
Unweighted count	1,166	389	354	423	679	238	56	354	598

Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only.

Safety nets to replace lost income

As Figure 3.2 shows, when it came to replacing lost income, around one-in-eight workers either felt they had no safety net to rely on (6%) or didn't know what they would rely on (7%). The remaining seven-in-eight (87%) had at least one form of safety net, with 18% having a single safety net, 22% having two, 23% having three, and 24% having four or more safety nets. The percentage of workers with no safety net was highest in the retail industry (26%), for lower-income households (defined as those with a household income under £20,000) (20%) and among part-time workers (18%) (Figure 3.3).

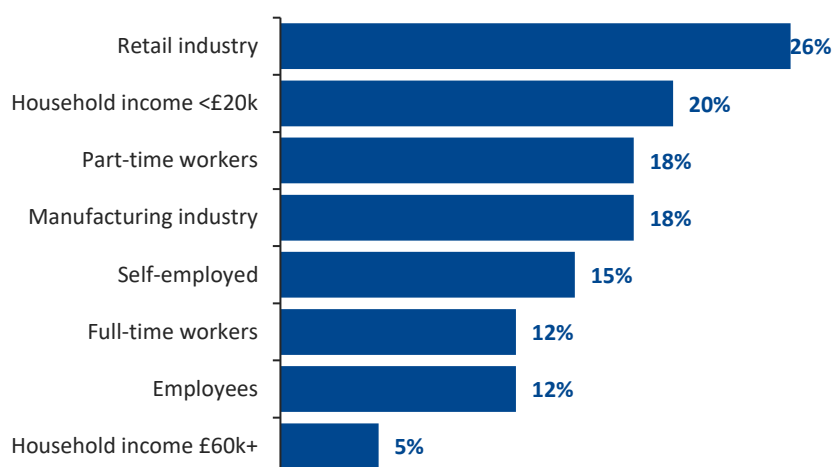
Figure 3.2 – The majority of workers felt they had access to some form of safety net in the event of job loss or illness²⁹



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only who were in work. Respondents were asked to select the safety nets they think they would realistically have access to if they either lost their job or were too ill to work (for an extended period), and that they felt would make a reasonable contribution towards their living costs.

²⁹ We did not differentiate between [Statutory Sick Pay \(SSP\)](#) and occupational sick pay in this question in case workers were not able to distinguish between them. If you are too ill to work, to be eligible for SSP (currently up to £123.25 per week), you have to be classed as an employee not self-employed. It is paid by the employer for up to 28 weeks, and from 6 April 2026 is payable immediately.

Figure 3.3 – The percentage of workers with no safety net varies by industry, income and type of employment



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only.

The people in our in-depth interviews generally had some form of safety net. Of those who had been employed and lost their job, some had been entitled to redundancy pay, or to occupational sick pay (which was paid at a higher rate than Statutory Sick Pay). Others had a partner who was earning, who may also have had the capacity to increase their earnings; or if not working currently, the capacity to start bringing in money. Indeed, the safety nets people possessed were, in effect, the converse of the compounding factors discussed in Chapter 2: having a source of income when your own was lost or reduced, or the ability to decrease outgoings to a level that would sufficiently offset a drop in income.

Savings and investments

The most common available safety net among our YouGov survey respondents was savings or investments, which around half of workers had access to (49%).

Interestingly, this diverges slightly from our analysis of the FLS, which shows that just 6% of workers³⁰ had 'zero investible assets' and a further 20% had less than £1,000. Around half of workers in the FLS had £5,000 or more in investible assets – which suggests this (£5,000) is around the minimum figure that respondents to the YouGov survey had in mind when considering what is needed to make a reasonable contribution towards living costs for the first few months. This makes sense given that the average monthly private rent in the UK is now £1,381, equivalent to over £4,000 over three months.³¹ Add in the costs of food and other bills as well and this figure escalates further.

³⁰ Here we use 'employees' as a proxy for 'workers'. The self-employed generally had a slightly higher level of investible assets, compared with employees.

³¹ ONS (2026) [Private rent and house prices, UK: May 2026](#).

The YouGov survey data shows significant variation in different groups' ability to rely on savings and investments as a safety net, from over half of homeowners (54%), falling to 42% among private renters, 25% among local authority tenants, and 44% among those living with family. Income was important too, ranging from 40% among those earning under £40,000 per year as a household up to 63% among those earning over £60,000.

Our qualitative interviews provided a richer picture of the value of savings and investments as a financial safety net. Where they were held, **savings could be an effective safety net to support people through shorter-term impacts of a life event**. James (previously mentioned on p. 28) had a good level of savings as well as receiving redundancy pay, which was helping his household to manage while he continued to look for a job. Although this was taking longer than he had anticipated, they were still managing financially.

If their outgoings were small, or there was a second income, people's savings could last for weeks, or even months. Sam had recently experienced a relationship breakdown, which meant he had to move out of the home he had shared with his partner. Luckily, he had a reasonable amount of savings, and was able to move back in with family. He was studying at the time of the split, so didn't have an income. However, through paying minimal rent and finding part-time work to supplement his savings, he was confident he could manage until he finished his studies in a few months' time.

However, if the situation didn't improve as quickly as people expected, or they experienced further life events that had a negative financial impact, then savings eventually ran out, as illustrated later on by the case studies for John and Andrew (see p. 44).

The effectiveness of savings as a safety net, therefore, was dependent on two key factors: firstly, that they weren't the only form of income or financial support available; and secondly that the impacts of the life event were resolved relatively quickly, as many people will simply not have the necessary levels of savings to deal with chronic events. As noted earlier, savings can also impact people's eligibility for means-tested benefits.

Sick pay

Sick pay was mentioned as a viable safety net by 42% of workers in our YouGov survey – but this varied dramatically depending on employment type. Four-in-ten (44%) of employees said that sick pay could be a realistic option for them, but this dropped to just 11% among the self-employed. Nevertheless, even among employees, there is still a substantial gap between the proportion that say they have access to some form of sick pay (86%)³² and the proportion who consider it a genuine safety net (44%).

Where workers had *not* selected sick pay as a safety net, we asked them about the possible barriers to accessing it. As Table 3.2 shows, the main concerns were the amount workers would be entitled to / how long it would last, uncertainty around what they actually had access to, and a lack of

³² TUC (2024) [Solving the problem of sick pay](#).

eligibility for certain types of workers. Self-employed, part-time and lower-income workers were more likely to have concerns around eligibility, while slightly higher-income workers were more likely to say Statutory Sick Pay would be too low or not last long enough. The middle-income group (£20-£40k) were most likely to be unsure what they were entitled to.

Table 3.2 – The barriers to relying on sick pay as a safety net vary significantly based on type and hours of work, as well as by household income

Colouring indicates whether a percentage is **high** or **low** for that row, i.e. showing if that group is disproportionately likely or unlikely to experience a particular barrier.

Barrier / reason	Total (among workers who don't think sick pay is an option)	Type of work		Hours of work		Annual household income		
		Employee	Self- employed	Full-time	Part-time	< £20k	£20-40k	> £40k
I would only receive statutory sick pay, which is too low	23%	27%	6%	24%	21%	12%	25%	26%
I am unsure what I would be entitled to	23%	24%	10%	25%	16%	6%	29%	24%
Sick pay would not last long enough	20%	23%	2%	22%	12%	11%	14%	24%
I would not be eligible because of my contract type (e.g. self-employed)	12%	4%	57%	7%	31%	27%	9%	10%
My employer does not offer occupational sick pay	8%	9%	4%	8%	8%	17%	15%	5%
I would not qualify because of working hours or earnings level	5%	5%	6%	3%	13%	20%	6%	3%
I am already receiving sick pay	3%	3%	1%	3%	2%	3%	3%	2%
Other reason	2%	2%	6%	2%	2%	2%	1%	3%
None of these	8%	9%	7%	10%	4%	8%	7%	10%
Unweighted count	546	406	66	425	121	40	126	278

Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only, who were workers and who didn't think sick pay would be a realistic option for them.

Looking at the data from our qualitative interviews, positive experiences of sick pay included Robert, who was very well supported by his employers over a period of months when he experienced a debilitating illness, which left him with an ongoing disability. They paid him at a higher rate than they were legally obliged to, and had left his job open for him if he was able to return. Furthermore, his colleagues banded together to fundraise money to help him.

Support from family, friends or someone within the household

A third (32%) of workers in our YouGov survey felt that they could turn to family or friends as a safety net in the event of job loss or illness. This was significantly higher for younger adults: 37% among the 25-34 age group and 34% among those aged 35-44, compared with 23% of 45-55 year-olds. Unsurprisingly, those already living with parents, family or friends were also disproportionately likely to give this type of support as a safety net (41%).

Additionally, nearly three-in-ten (29%) said they could rely on the income of someone else within their household if they couldn't work. For obvious reasons, this was higher among couples (48% among those living as a couple without dependent children and 43% among couples with children), compared with 9% of single parents. It was also an option selected more commonly by women (33%) (compared with 26% of men) and those of white ethnicity (32%, compared with 17% among ethnic minority respondents).

In the qualitative interviews, family support was a commonly mentioned safety net. This ranged from family members lending or giving small amounts of money, giving shopping vouchers, replacing white goods, up to more substantial help such as one woman who received a deposit for new rented accommodation and another who had help to pay off a significant amount of debt. One or two people had not needed to turn to their family at the point of interview, but believed they had that option if necessary.

Selling possessions

Selling possessions or other assets was the fourth most popular safety net given by respondents to our YouGov survey, with 24% saying they considered this a meaningful safety net. This may partly reflect the growing resale market in the UK, where people buy and sell clothing, household goods, consumer electronics and other items.³³

Interestingly, we found no statistically significant differences in which population groups would consider this, though there was a slight age gradient – going from 27% of those aged 25-34, to 24% of 35-44 year-olds, and 19% of 45-55 year-olds.

Borrowing from lenders

One-in-five (20%) workers in our YouGov survey said they considered borrowing money from a lender – for example, on overdraft, credit card or a loan – as a realistic safety net in the event of being unable to work. This was least common among those on the lowest incomes: 4% among those with an annual household income under £20,000, rising to 25% of those earning £40,000-£59,999 and then falling to 22% among those earning over £60,000.

We asked those who didn't consider borrowing to be a viable safety net why this was the case. By far the most common response was that they "wouldn't want to take on (extra) debt" if they lost their job or were unable to work (59%).

³³ Barclays (2026) [The pulse of fashion: how the growth of the resale market has changed the game for retailers.](#)

The second most common reason was that “interest rates or the cost of borrowing would be too high” (32%), while the third reason was being “happy with the other protections [they] already have in place” (19%). Those with higher incomes (over £60,000) were more likely than others to already be satisfied with other safety nets (29%, compared with 8% of those earning less than £20,000).

Redundancy pay

Just one-in-six (16%) workers in our YouGov survey felt that redundancy pay was a realistic safety net for them. This was higher among full-time workers (18%, compared with 5% of part-time workers), households earning over £60,000 per year (24%), and in the financial services (30%) and IT/telecoms (28%) industries.

As with sick pay, the reasons for not considering redundancy pay as a safety net varied considerably based on type and hours of work, and by household income (Table 3.3). Most commonly, workers were simply unsure if they would qualify for a payout (given as a reason by 30% of those who didn't cite redundancy pay as a safety net), followed by concerns that they would only receive a small payout that would not constitute a meaningful safety net. While only 14% overall said they didn't think their job would qualify for redundancy pay, this increased to 61% of the self-employed and 32% of part-time workers, as well as 25% of those with a household income under £20,000 per year.

Looking at the data from our qualitative interviews, positive experiences of redundancy pay included one or two people who had been with the same employer for most of their working life and received a commensurate level of redundancy pay which provided a valuable safety net. Others weren't as fortunate, and at best received only enough to manage in the short term.

Table 3.3 – Reasons for redundancy pay not being considered as a safety net vary significantly based on type and hours of work, as well as by household income

Colouring indicates whether a percentage is **high** or **low** for that row, i.e. showing if that group is disproportionately likely or unlikely to experience a particular barrier.

Barrier / reason	Total (among workers who don't think this is an option)	Type of work		Hours of work		Annual household income		
		Employee	Self-employed	Full-time	Part-time	< £20k	£20-40k	> £40k
I am unsure if I would qualify for a payout	30%	31%	6%	33%	21%	16%	36%	31%
I would only receive a small payout	26%	30%	4%	28%	20%	30%	28%	29%
My job wouldn't qualify for redundancy pay	14%	8%	61%	9%	32%	25%	15%	17%
I haven't worked for my employer for long enough to qualify	11%	12%	8%	11%	13%	8%	15%	13%
Other reason	5%	5%	8%	5%	5%	8%	2%	3%
None of these	8%	8%	10%	9%	4%	8%	6%	7%
Don't know	15%	15%	5%	15%	14%	13%	11%	11%
Unweighted count	798	600	73	634	164	51	167	218

Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only, who were workers and who didn't think redundancy pay would be a realistic option for them.

Income protection or critical illness insurance

As with redundancy pay, just one-in-six (16%) workers in our YouGov survey felt that income protection or critical illness insurance was a realistic safety net for them. This was significantly higher among those earning over £60,000 per year (27%) and among mortgagors (24%). The latter potentially relates to life-stage and broader financial security but also to the fact that mortgaging and re-mortgaging is a key moment where financial advisers and firms may sell these products to consumers.

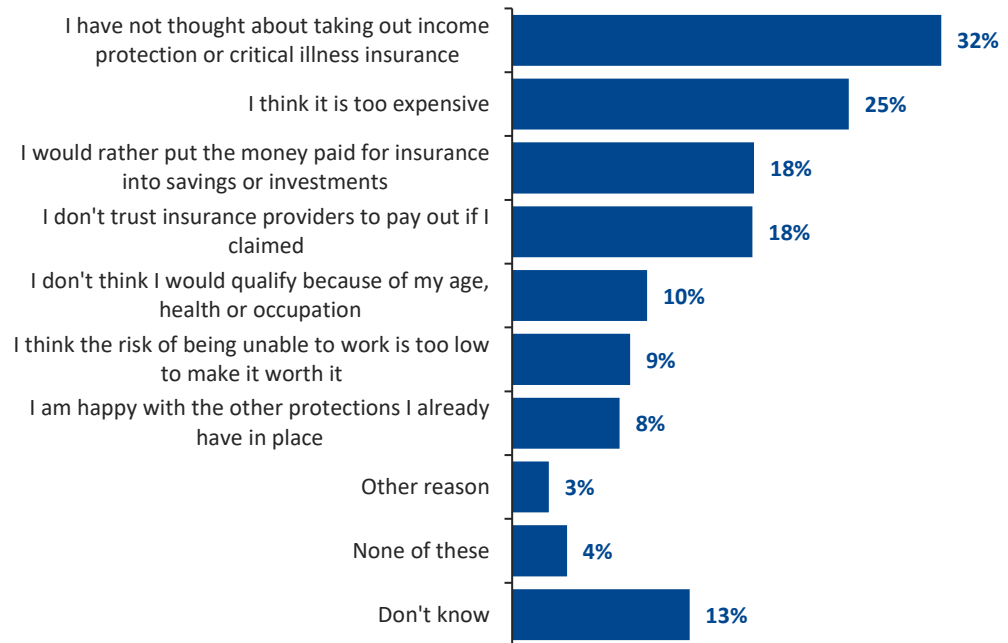
As Figure 3.4 shows, the most common reason for not considering income protection or critical illness insurance was simply that they hadn't thought about it (32%). This is perhaps understandable, given that many of us would prefer not to think about the prospect of losing our jobs or becoming too ill to work – similar to some of the barriers experienced in relation to will-writing.³⁴

Other reasons were thinking that it was too expensive (25%), preferring to put money into savings or investments (18%), and not trusting insurers to pay out

³⁴ Institute of Professional Willwriters (2024) [The state of will-making in the UK: trends and challenges](#)

if they had to claim (18%). Just 8% said they didn't need it because they were already happy with the other protections they have in place.

Figure 3.4 – Reasons given why workers don't consider income protection or critical illness insurance as a safety net for them



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only, who were workers and who didn't think income protection or critical illness insurance would be a realistic safety net for them (n=797).

Some of these reasons varied across different population groups:

- **Gender:** Female respondents were more likely to say they hadn't thought about income protection (35%, compared with 28% of male respondents).
- **Age:** Those aged 45-55 were more likely to be concerned with the cost of it (30%, compared with 20% of 25-34 year-olds).
- **Disability:** Disabled respondents were more likely to believe they wouldn't qualify because of their age, health or occupation (18%, compared with 8% among those with no health problems or disabilities).
- **Income:** Those on higher incomes (over £60,000) were most likely to say that they were happy with the other protections they already have in place (13%, compared with 6% among the lowest earners).
- **Education level:** Highly-educated respondents were more likely to have a preference for putting the money into savings or investments (22%, compared with 10% of those with a lower level of qualifications).

No-one among the people we interviewed in depth currently held income protection insurance, but one woman was considering it. Leanne was unexpectedly made redundant last year, but instead of looking for another job, she and her husband brought forward a plan to set up their own business, which saw him also resign from his job. They had been saving for this possibility, and her husband would likely to be able to go back to employment if needed. However, they were looking at taking out income protection insurance as they lacked any employer-based support.

Social security benefits

The benefits system was seen as a safety net for a similar percentage of people in the YouGov survey (16%) to redundancy pay and income protection/critical illness insurance. For a welfare state that was intended to give ‘cradle-to-grave’ coverage, including short-term support for working-age people, it is surprising not to see more people consider this as an option. Other research suggests reasons for this include stigma related to claiming benefits, difficulties navigating the benefits system, and a belief that the system is a very last resort, when all other options have been exhausted.³⁵

Groups that were slightly more likely to consider social security benefits as one of their safety nets included: private renters (21%), housing association tenants (36%), single parents (32%), and those with an annual household income below £40,000 (21%).

As noted in Chapter 2, it emerged from the in-depth interviews that **state support in the form of benefits was, in practice, often inadequate as a safety net**. The people we interviewed could find it difficult to access benefits in times of need, and often reported barriers to doing so. While having a partner who is bringing in a second income is, in itself, one form of safety net, it also can preclude the household from eligibility for Universal Credit; and standard Jobseeker’s Allowance is paid at a much lower rate. Tim, for example, had lost his job a year ago as a result of health issues. As his partner was working, he was only entitled to contributory Jobseeker’s Allowance for six months. Not only was this much lower than his previous salary, but he was also unable to find a suitable job during that time, and not eligible to claim Universal Credit afterwards. He was, however, eventually able to claim disability benefits. Other people we spoke to whose disability or illness had become chronic were also eligible for disability benefits, and some of the single adult households were claiming Universal Credit.

A small number of those we interviewed had turned to their **local council or charities** for help, and had received it from the Household Support Fund, food parcels or energy vouchers. There were also examples of how **social housing providers** were supportive in times of crisis – as in Sonia’s case study (p. 28). Another woman that we spoke to described how her housing provider wrote off rent arrears and arranged a move to a more affordable property, after she experienced a bereavement.

³⁵ See, for example: Davies, S. *et al* (2025) [Stigma in the system: experiences of the UK social security system](#)

What impact do safety nets have?

As the previous section shows, the prevalence and effectiveness of safety nets varied considerably, depending on circumstances. Nonetheless, the benefit of having access to safety nets was undeniable. Regression analysis of the FLS data allowed us to better understand the role that different safety nets had on outcomes (while controlling for demographic and other socioeconomic factors), as we describe below.

Savings are an important safety net: adults with a greater number of savings products were consistently less likely to experience poor financial outcomes after a life event, all else being equal. For example, an income shock increased the probability of a missed payment from 5% to 9% (controlling for demographics and other factors), but this risk reduced to 7% among those with one type of savings product, 6% to those with two, and 2% to those with three or more.

The impact of other potential safety nets is mixed: coming from a professional family background appears often associated with worse financial outcomes in relation to life events like relationship breakdown, death within the family and becoming a carer; but to better outcomes after an income shock. It is not possible from the data to suggest the reasons for this. Holding forms of income protection or insurance meanwhile aren't shown to particularly improve outcomes after an income shock, but may do so after illness (which makes sense if it is mainly illness-related protection).

Individuals who were already in receipt of benefits at the time they experienced a life event consistently fared worse financially: this was true across all financial outcomes, e.g. the probability of a missed payment increased from 9% to 17% for someone receiving benefits. However, we could reasonably expect that this figure would increase substantially if benefits were lower or didn't exist, and equally would be lower if Universal Credit was paid at a level that covered essential costs.³⁶

Why do some people manage financially after a life event and not others?

As we saw in Chapter 1, it is relatively common for people to experience more than one unexpected life event in a fairly short period of time. The qualitative data also shows that financial difficulty generally arises when acute life events become chronic, and situations do not resolve.

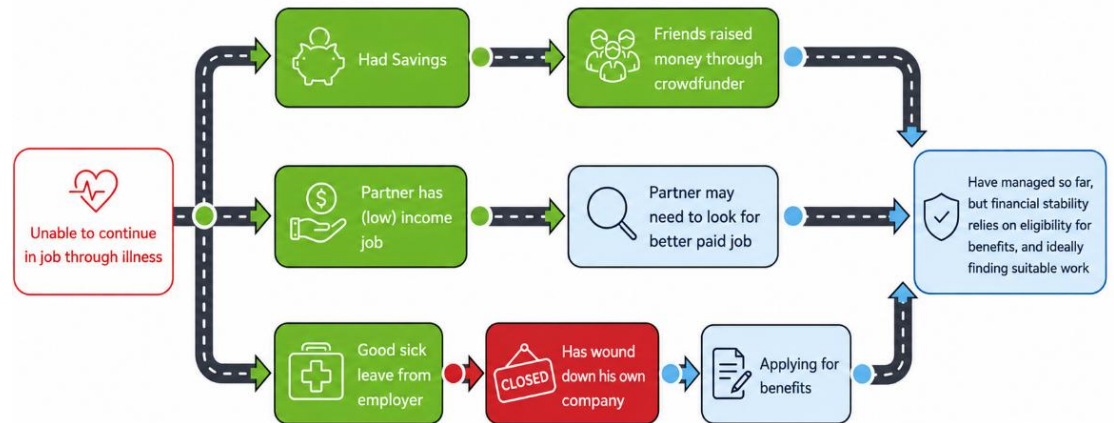
The two case studies below illustrate how the outcomes in two similar events (leaving work through ill health) differ considerably depending on the safety nets that people have access to and other events that occur.

³⁶ Joseph Rowntree Foundation (2026) [Independent process to ensure Universal Credit covers essential costs](#).

Case study 1, Andrew: unable to work due to illness, but managing financially

Andrew, in his 30s, lives with his partner and young children. He owned his own business, as well as working for other businesses as a contractor. In 2024, he suffered a sudden illness that has left him permanently disabled.

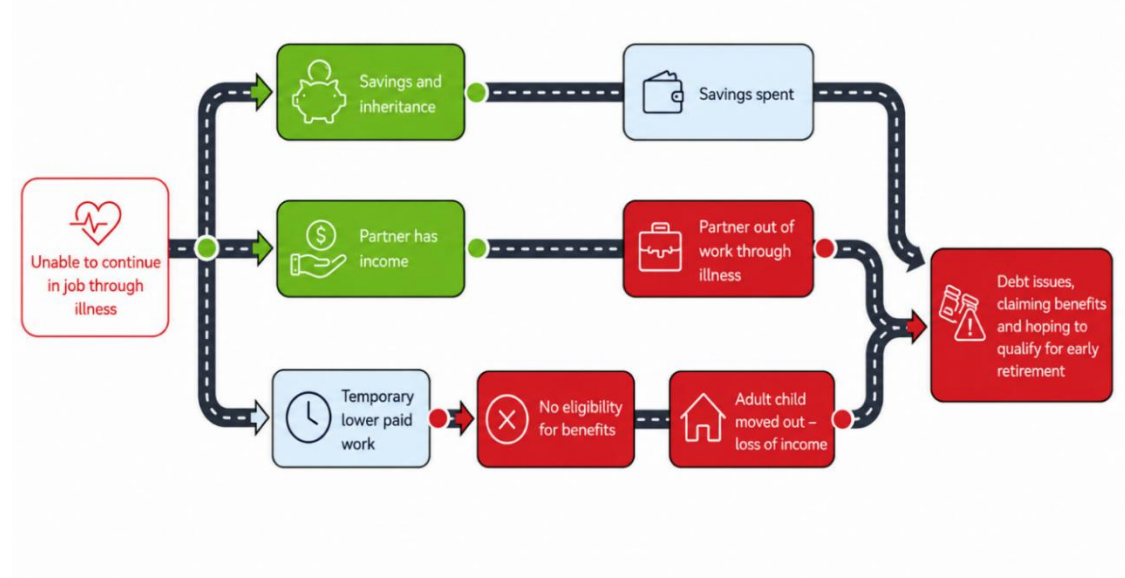
The safety net journeys illustrated below are all being followed simultaneously.



Case study 2, John: unable to work due to illness and in financial difficulty

John and his wife, Mary, are in their mid-50s, and live with their youngest child. John previously worked as a teacher, but left due to stress. He took on temporary work during the Covid-19 pandemic, but physical health issues made this role unfeasible. More recently, Mary developed a serious illness and is permanently unable to work.

The safety net journeys illustrated below are all being followed simultaneously.



Both Andrew and John had to leave their work because of ongoing ill health, and, at the time, both had partners who were working as well as savings to draw on. Andrew's employers were very supportive, and paid sick pay for longer than was required, whereas John had been in temporary work, and needed to find suitable, lower paid work to manage. John had further health issues which made continuing even with that job unfeasible, and then his wife had a serious illness and needed to leave work. This left them in a very precarious position; in debt, and struggling to qualify for an ill-health pension. Andrew and his wife are managing better, as she is still working and may be able to increase her income. Nonetheless, Andrew's health looks unlikely to improve, and so there is still uncertainty about what the future will look like.

These case studies illustrate a vital point – that an unexpected life event is only the start of a longer journey as people navigate their changed circumstances. The timescale of this journey is important in shaping the eventual outcomes. In fact, of the eleven people we recruited on the basis that they were not currently in financial difficulty, five were still part way through their journey, and it was not clear where they would end up. Some of those we spoke to had already drawn on their safety nets and, like John, may not be in a financially secure position by the time they exhausted those safety nets.

CASE STUDY - DIANA

Diana, a single mum in her 40s with teenage children, recently (and unexpectedly) split from her long-term partner. While still trying to manage the financial implications of the split, she was now dealing with an unwelcome drop in hours at work, leaving her even less able to manage.

“with the reduced hours, ... that kind of came out the blue as well... they decided to cut hours in our team.”

She was able to claim Universal Credit to help with her housing costs, but, coupled with the increased cost of living, she was very concerned about how she would be able to manage.

“it's a bit like everything else; your wages haven't really gone up, but everything else has sort of gone up rapidly, hasn't it?”

Furthermore, how people manage *financially* following an unexpected life event - while important - is only one part of the story. Experiencing relationship breakdown, bereavement, serious illness, or even job loss can take an emotional toll. In the case of bereavement, the distress, and consequent impact on mental health could lower resilience to the extent that keeping on top of life, including managing finances, felt impossible – as in Jackie's story below. Similarly, Joan experienced a series of family bereavements, during a period where she was caring for her mother. Her income from self-employed tutoring had reduced as a result of the caring responsibilities anyway, but when her mother died, the cumulative grief left her unable to work at all for several months.

CASE STUDY - JACKIE

Jackie suffered from depression after her mother died, not long after she had been made redundant from her job, and this left her unable to manage her finances. As a result, she fell into arrears with her rent, and built up consumer debt.

“I just... completely stopped paying everything. I just, I just felt that I've got no one there now to like, to like push me along basically or like give me the helping hand that I need.”

At the time of interview, she was in a better position, primarily as a result of support from her housing provider over her rent arrears, although this involved moving from a home that she had lived in previously for over 20 years.

“they could actually write off the debt... So I had basically a clean slate for when I moved in, which I thought was quite good of them actually.”

However, she still needed to increase her hours at work to be able to feel secure, and to satisfy UC work requirements.

“I'm glad I'm working because if I wasn't working, then I think that would probably shove me over the edge...[but] I've got Job Centre on my case saying, you still got to try and get some more hours because you know you're not doing enough hours and I've got to try and bump up my money to a certain amount. I was like, well, how do I do that?”

The insecurity of self-employment

Self-employed workers may be in a more vulnerable position than their counterparts in employment in terms of building financial resilience, particularly if they are relatively low-earning.

While only 15% of self-employed people in our YouGov survey reported having no safety net at all, as we have explored in this chapter, not all safety nets are equal. The self-employed are unlikely to have access to sick pay or redundancy pay, and are more vulnerable to a drop in income – an event that appears to be the most financially damaging (Table 2.1). Our self-employed interviewees had often incurred a drop in income as a direct consequence of experiencing a life event. This was particularly notable among self-employed women who took on caring duties for elderly parents, or for children with ill health. This could mean drawing on savings or using consumer credit to manage, eroding their financial resilience to cope with future events. In general, the fluctuating income of self-employment made building safety nets difficult.



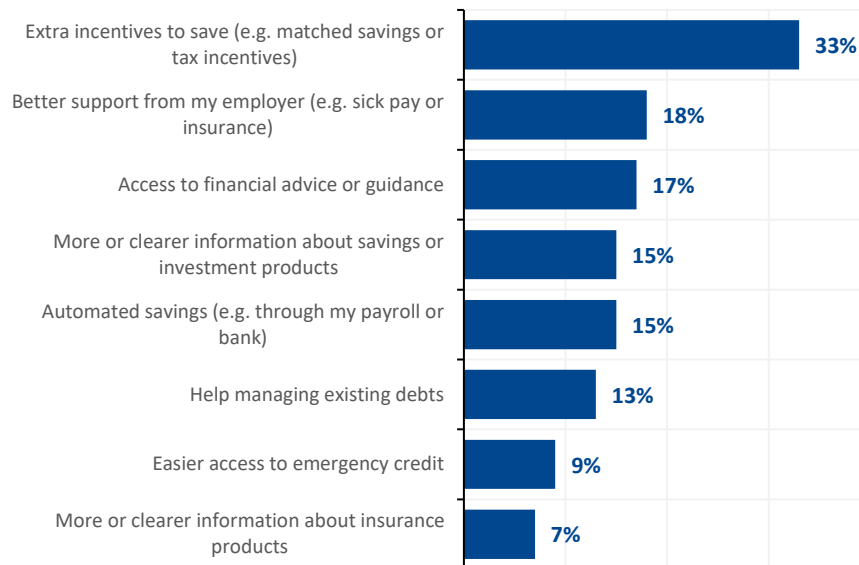
4 SUPPORT WITH MANAGING LIFE EVENTS

While there was no silver bullet to help people build up a financial safety net against unexpected life events, key support needs included better information about social security benefits and other state support; and better support with finding work. Respondents also wanted organisations and services to provide support in ways that recognised the emotional impact that an unexpected life event could have.

What external support do people want to help them through a life event?

The YouGov survey data (Figure 4.1) shows there is no silver bullet that people thought would help them to build up a financial safety net against unexpected life events. While extra incentives to save were the most popular response (cited by a third of 22-55 year-olds), the other options for building financial safety nets were all selected by between one-in-ten and two-in-ten respondents. This may help explain why building, or rebuilding, a safety net can be difficult.

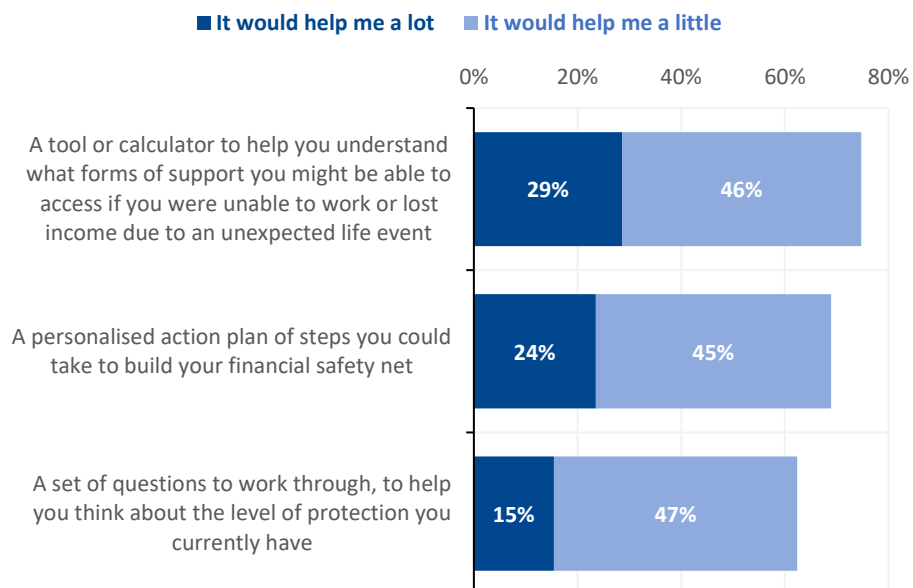
Figure 4.1 – Which, if any, of the following would most help you to build up a financial safety net against unexpected life events? (up to 3)



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only. Participants were asked 'Other than increased income or lower costs, what would most help to build up a financial safety net against unexpected life events?'

When three potential support offerings were suggested (Figure 4.2), respondents thought that a tool or calculator might help them to build a financial safety net to some extent, but again, there was not a particularly clear steer with less than a third (29%) feeling that such tools would help them a lot.

Figure 4.2 – How much would each of the following help you build up a financial safety net against unexpected life events?



Notes: author analysis of commissioned YouGov survey (2026). Respondents aged 25-55 only. Participants were asked 'How much would each of the following help you build up a financial safety net against unexpected life events?'.

That said, some survey respondents were more enthusiastic about these tools than others. There was significantly higher support for a tool or calculator among ethnic minority groups. Support for a personalised action plan was significantly higher among ethnic minority groups again, as well as women and highly-educated respondents. However, there was significantly lower support for those options among disabled respondents. Finally, support for a set of questions to work through was significantly higher among women and ethnic minority groups.

As the qualitative interview sample comprised people who had sought help from National Debtline or Business Debtline, or people who were not currently in financial difficulty, their views are not representative of working-age people who experience a life event. Nonetheless, some clear support needs emerged from the interviews, particularly around **the provision of information**, in terms of navigating the longer-term impacts. This was focussed around accessing support from the social security system, as the last-resort safety net when all others had been used.

Given the importance of earned income to financial resilience, perhaps unsurprisingly **support with finding work** was mentioned by several of the interviewees. Other research has found the usefulness of support delivered by DWP job centres to be variable,³⁷ and this was echoed by the people we interviewed. Where sought, they felt the help offered through job centres was not enough. It was often the first time that they had struggled to get a job, and they didn't necessarily find the support offered to be useful, because it was not tailored towards them as individuals in their particular circumstances. Lisa, in her late 40s, left her job three years ago, as she was unable to manage while caring for her grandmother. After her grandmother passed away, she struggled to find work again. She found some temporary work, but this was not in the field or at the level at which she had previously worked. The job centre she attended offered her advice about retraining, but she would rather get support to find a job that she was already qualified to do. Sonia (see case study p.28), on the other hand, would have welcomed training, as she hadn't worked since her child was born, and was left with no income once her relationship had ended.

Those whose **disability or ill health** meant that they were unlikely to be able to go back to their previous work, also noted the lack of support in this situation. The difficulty of applying for disability benefits has been well-documented,³⁸ and can impact negatively on the financial resilience of those who need to do so. Several of our interviewees described a lengthy and sometimes challenging process for getting any state financial support for a disability or health condition, during which period the risk of financial difficulties increased.

Finally, single mothers that we spoke to highlighted the need for more **immediate support for parents** who were in the acute stage of an unexpected life event, for example having to leave their accommodation due

³⁷ Davies, S., Evans, J. & Cross, K. (2025) [Stigma in the system](#)

³⁸ *ibid*

to relationship breakdown, or where older children were at the transition point to adulthood. Sarah was told she would lose Child Benefit for both of her children at the same time, because the educational choices of her 16 year-old child made her ineligible. She had only been expecting to lose Child Benefit for her 18 year-old, and was offered no contingency to deal with this.

“Wish there’d been a bit more support around that because there is none. There is no sort of contact. They kind of go “ OK, your child’s gonna lose her money.” And then that’s it....there’s no support in place, you know. And it’s bad enough for a two-income family, but when it’s a one income family...I don’t have a second adult in the household to go and out to work and earn more money.” (Sarah)

The manner in which support was delivered sometimes mattered just as much as the help that might be available. For a few interviewees, access to face-to-face support was important; life events often come with emotional as well as financial impacts, and this can make it hard to seek help.

“For me, you know, when it’s such a personal, stressful, traumatic things...It’s just nice to be with somebody sometimes and talk it through rather than online or online support.” (Joan, see p.45)

Others felt that help to know where to look for help would have been invaluable, or someone to help them make decisions in times of crisis. One man we spoke to was not sure he made the right choices while managing redundancy and would have valued support to help him think things through more thoroughly.

What support had been useful in managing the financial impacts of life events?

The qualitative interview data highlights the value that people placed on organisations and services recognising people’s emotional state when they sought help, as Sarah described in relation to National Debtline:

“There was that level of judgement [I feared] cause obviously it’s that thing where it’s still an embarrassment. So I’ve got a good job, you know, [but] I’m not able to support my own children. It’s all of those feelings that I was sort of having internally. Speaking to them (National Debtline), they never, ever brought that to the surface, you know, they advised me.”

The support offered by National Debtline and Business Debtline was generally well received and could be the turning point in financial recovery after a life event; even once the immediate loss of income had been resolved, the debt incurred as a result may still be an issue. Clients commented on the lack of judgment, that it was a reliable and consistent service, that it was free to use and that they could go back to an adviser when needed. Furthermore, taking control of their debt issues was often viewed positively on an emotional as well as a practical level, as it offered a sense of agency. Jackie, whose business had suffered through her ongoing caring responsibilities for both parents and

children, felt Business Debtline staff helped her to “*approach those conversations*” with her creditors.

While the interviews with National Debtline and Business Debtline clients focused on life events more than their experience of debt and debt advice, it was notable that only one person mentioned any support from their creditors – which had involved writing off their debt in full.

As described earlier, social housing providers were another source of support mentioned in the interviews, both practical (e.g. writing off rent arrears, signposting people to debt advice) but also providing emotional support, as Sonia described:

“And if it hadn't been for her, I didn't know what I would have done. And I just remember the first time I called her, I was just crying and crying and crying. And, you know, sort of shouting. And I was in shock. And she was just amazing. Absolutely amazing.”

What key lessons are learned about preparedness from going through a life event?

Looking back on their experiences of life events, participants in the qualitative interviews identified three factors that might have helped them manage better:

1. Building a savings pot
2. Living without using credit
3. Seeking help earlier.

The first two factors could be interrelated, and were often discussed with reference to improving income. Where people recognised that their previous levels of consumer borrowing had been a contributory factor, they were clear that they would aim to live without credit in the future – the impact that borrowing had had on their outcomes appeared to give a clear warning bell.

“I want to be debt free. I kind of want my credit score to remain a mess because I don't want any credit anymore. I want to have a self-sustaining life.” (Jack)

Others with lower or no borrowing were more focussed on improving their income, through getting a higher paid job, or working more hours. This was particularly important to those who had experienced a relationship breakdown.

“I definitely want to be in a career. I want to be earning a very good wage. I don't have to be rich, but a decent wage.” (Sonia)

Regardless of whether people had savings prior to their life event or not, pretty much all of them were determined to build up savings in the future. The importance of having financial support to hand in the acute stage of a life event was demonstrable and most wished to have that going forwards.

Nonetheless, it is clear that serious financial difficulty required more structural support, and this was often expressed in terms of what employers may be

able to offer, such as long-term sick pay, or adjustments to jobs to allow those with ill health or disability to work.

Those who had sought support from the benefits system felt more knowledgeable about it, and more able to navigate it for any future need. At the same time, the people we spoke to often regretted that they didn't seek help earlier, either formally through organisations such as National Debtline or Business Debtline, or by reaching out to friends or family.

"I felt such a big relief. I felt like a great big weight off my shoulders when I explained everything to [National Debtline]. It did make a huge, huge difference to me. I feel better, like I said, I'm starting to understand more now. So hopefully it's the start of me getting on my feet again." (Jackie)

5 CONCLUSIONS AND RECOMMENDATIONS

Key findings

This research highlights how common it is to experience a life event: half of adults aged 25-55 have been affected by such an event in the past three years. Multiple life events also happen surprisingly frequently, as nearly one-in-five (18%) adults experienced two or more types of life event in the past three years. The challenge therefore is not just helping people to build safety nets, but to rebuild them after a life event has happened.

Most people recognise the need to build-up some kind of safety net, but few actually feel fully prepared for unexpected financial events. Therefore, we may need to rethink how we approach the idea of safety nets, given the frequency of multiple events, and the different strategies required to support people with their short-term and the long-term impacts.

For example, households who fell into financial difficulties often did have savings, but these were used up quickly – especially where they faced challenges in accessing other safety nets. Safety nets such as savings, family support or even sick pay or redundancy pay are undoubtedly helpful in the initial stages of an event. But other safety nets need to be in place where life events have longer-lasting impacts. These safety nets will need to be from outside the individual household, and come from employers, state support or insurance. Any tools or information, therefore, should help people to distinguish between the support they have in place in the short term, but also to help them to consider their options in the longer term.

Our research finds that the potential longer-term safety nets are not working as well as they could. The benefits system was considered a potential safety net for a surprisingly low proportion of workers. This may reflect concerns around eligibility, sufficiency, complexity and stigma. Income protection or critical illness insurance also wasn't something that many people had access to - partly because they hadn't thought about it, but partly because of concerns around cost or a lack of trust that insurers would pay out.

Furthermore, access to safety nets is uneven: self-employed and part-time workers – as well as those working in retail – were particularly vulnerable, with many reporting issues with access to sick pay or redundancy pay.

Policy recommendations

The findings of this report highlight the need for a system of financial protection that better supports individuals and households experiencing income shocks because of unexpected events. The current systems, both government- and employer-based, often fail to reflect changing patterns of work, or to provide protection that is adequate in the longer-term. As a result, people struggled to manage in cases where another event occurred before they had recovered from the first one, or as time-limited safety nets ran out. Furthermore, these current systems do not seem to help people to stay in the workplace when life events make this difficult.

The following recommendations were co-produced by the Personal Finance Research Centre and the Money Advice Trust. They aim to:

- Help ensure that the social safety net is both adequate and responsive.
- Help people to build their own financial resilience.
- Improve access to external support.

What does the government need to do?

When the impact of an unexpected life event becomes chronic rather than acute, the social security system should be there to support households. As our findings demonstrate, few people believe this to be the case, whether through perception or experience. The recently implemented Employment Rights Act (2025) should address some of the concerns our study raises, in particular the Statutory Sick Pay (SSP) reforms taking effect from 6 April 2026. Nonetheless, there is still room to strengthen the protection offered to households when experiencing an unexpected event, particularly if the effects are long-term.

Recommendation 1: Increase protection for self-employed and non-standard workers

The growth of self-employment and other forms of non-standard work has shown gaps in the UK's system of income protection. Self-employed workers, as well as employees who are part-time or low-paid, often lack access to the protections available to full-time and higher-paid employees. This means they can experience considerable income loss when unable to work due to illness, caring responsibilities, or bereavement.³⁹ Global evidence about the Covid-19 pandemic in the early 2020s shows that non-standard workers were most vulnerable to job loss, and self-employed workers were particularly vulnerable to income losses.⁴⁰ Today in the UK, inadequate sick pay still means the average full-time self-employed worker loses 81 per cent of their income if

³⁹ Sacares, E. & Raikes, L. (2025) [Ill-prepared: Strengthening sick pay for the self-employed](#). The Fabian Society.

⁴⁰ Dely, B., Hyee, R., & Prinz, C. (2025) [What worked well in social protection in the Covid-19 pandemic?](#) OECD Social, Employment and Migration Working Papers 325.

they don't work.⁴¹ As a result, almost three-fifths (58%) of freelancers believe that the self-employed should be entitled to Statutory Sick Pay.⁴²

To achieve this, **the government should introduce sickness protection for self-employed workers.** Indeed, in 2024 the House of Commons Work and Pensions Committee noted the need to urgently implement a contributory sick pay scheme for self-employed people to provide them with the same level of income protection as would be available under SSP.⁴³ A scheme could draw on international models such as Canada's opt-out sickness insurance scheme⁴⁴, which is funded through contributions and provides income replacement during periods of illness. Other places such as Denmark also offer state-funded sick pay to those who are self-employed, although this is only available after a two-week period.⁴⁵

Government also needs to **extend support to self-employed people for other life events, including parental leave and bereavement.** To do this, they could reform maternity support to provide more generous, earnings-related payments, introduce a dedicated paternity allowance, and increase the flexibility of "keeping in touch" arrangements during periods of leave, as proposed by the Fabian Society.⁴⁶ For those who are caring for others, adapting Universal Credit's Minimum Income Floor and self-employed benefit rules to reflect caring responsibilities would help.

Recommendation 2: Improve protection against sickness and health-related income loss

Sickness remains one of the most significant causes of income disruption, yet existing support is often insufficient to prevent financial hardship. Only four-in-ten (42%) of the workers in our commissioned surveyed felt sick pay was a safety net for them, falling to just 11% of self-employed workers.

Until recently, Statutory Sick Pay (SSP) was not paid for the first three "waiting days", and there was a lower income threshold, excluding lower earners from receiving anything. Since 6 April 2026, however, SSP is payable from the first day of sickness and all eligible employees qualify regardless of their earnings, with low earners receiving SSP at 80% of their average weekly earnings. These reforms are estimated to deliver an annual £2bn net benefit to business, with costs to business from the reforms estimated at £425m.⁴⁷

⁴¹ Sacares, E. & Raikes, L. (2025) [Ill-prepared: Strengthening sick pay for the self-employed](#). The Fabian Society.

⁴² IPSE (no date) [Assessing the concerns and support needs of the sector](#).

⁴³ House of Commons Work and Pensions Committee (2024) [Statutory Sick Pay](#).

⁴⁴ <https://www.canada.ca/en/services/benefits/ei/ei-sickness.html>

⁴⁵ <https://businessindenmark.virk.dk/guidance/sick-leave/sickness-benefits/#Self-employed-and-sickness-benefits>

⁴⁶ Raikes, L. (2025) [Self-care: Providing income security for the self-employed](#). The Fabian Society.

⁴⁷ <https://www.tuc.org.uk/news/governments-sick-pay-reforms-deliver-least-ps2bn-net-boost-business-tuc>

Nonetheless, the evidence suggests **that government needs to review the adequacy of Statutory Sick Pay**, as the UK's replacement rate (27% of the weekly earnings of a full-time minimum wage worker) remains among the lowest in the OECD even after the 2026 reforms.⁴⁸ The Work and Pensions Select Committee recommended increasing SSP (currently £123.25 per week) to the flat rate of Statutory Maternity Pay⁴⁹, currently £194.32 per week. As noted above, this is in addition to expanding coverage to ensure that self-employed workers and others in non-standard forms of employment are equally protected.

Recommendation 3: Strengthen the adequacy and timeliness of social security benefits

When households experience a sudden loss of income, delays in accessing support can cause financial problems to escalate rapidly. Improving both the speed and adequacy of state support should therefore be a central priority for government.

Crucially, this should include **reducing or removing the five-week wait for Universal Credit**, identified as a long-standing design flaw that pushes new claimants into debt⁵⁰, particularly for households facing acute financial hardship. Short of removing the wait, options for reform (as proposed by the Joseph Rowntree Foundation, Money Advice Trust, Citizens Advice and others) include a non-repayable two-week initial grant to all claimants. Other social security policies that could make a significant difference include:

- Introducing an Essentials Guarantee that would ensure everyone has a protected minimum amount of support in Universal Credit to afford essentials.⁵¹
- Converting Universal Credit advance payments into non-repayable grants in cases of crisis, or at least extending the repayment period for the advance.⁵²

Our findings also note the **negative impact that high housing costs** can have on managing financially. Policies that would help address this include:

- Increasing Local Housing Allowance rates and expanding access to full Council Tax Support for low-income households. Currently, fewer than

⁴⁸ Rocks, C. & Atwell S. (2025) [Making statutory sick pay work. The case for going further to support healthier working lives](#). The Health Foundation.

⁴⁹ Reps, W. (2026) [Statutory sick pay](#). House of Commons Library Research Briefing No. 9435.

⁵⁰ Porter, I. (2024) [We need to end the 5-week wait for Universal Credit - here's how](#). Joseph Rowntree Foundation.

⁵¹ Trussell and Joseph Rowntree Foundation (2026) [Guarantee our essentials: Reforming Universal Credit to ensure we can all afford the essentials in hard times](#). Joseph Rowntree Foundation.

⁵² Macor, F. (2020) [Policy in Practice's recommended changes to Universal Credit published in Work and Pension Committee report](#).

2% of properties are now affordable for those on housing benefit across Great Britain, down from 2.7% the previous year.⁵³

- Even more boldly, the Renters Reform Coalition is arguing to establish a National Rental Affordability Commission to investigate effective methods to make renting more affordable, including an investigation of rent control measures aimed at bringing rents down relative to incomes.⁵⁴

Recommendation 4: Support households to (re)build financial resilience

Many households lack sufficient savings to absorb unexpected income shocks, even in the short-term, increasing their risk of financial hardship and problem debt. Policy should therefore place greater emphasis on helping people build precautionary savings.

To help lower-income households, **the government should expand access to incentivised savings schemes, increasing awareness and take-up of existing government programmes such as Help to Save, and considering whether eligibility criteria should be widened to reach more low-income households.** Until April 2027, all working Universal Credit claimants are eligible for a Help to Save account⁵⁵ so implementing automatic enrolment into an account at the start of a Universal Credit claim could increase improve savings among those on low incomes.⁵⁶ In June 2026, the government also announced reforms to improve access to Help to Save, by allowing firms to offer accounts direct to eligible customers.⁵⁷ For broader savings policy, support for a national "rainy-day savings" infrastructure would benefit households across the board (see below).

Recommendation 5: Expanding access to advice

According to the Money and Pensions Service⁵⁸ there are currently 7.3 million people in need of debt advice, meaning the need for debt advice vastly outstrips supply. The links between financial hardship and impacts on physical and mental health, productivity and impacts on relationships are well established. Many interviewees talked about the transformative effect that debt advice had and their wish that they had sought it sooner.

The government and commissioners should fund significant expansion of free debt advice services to significantly narrow the gap between demand and supply. This would have substantial second-order effects in terms of improved financial and wellbeing outcomes for people and the wider-

⁵³ Crisis and Citizens Advice (2026) [No home to go to: how frozen Local Housing Allowance \(LHA\) rates are causing homelessness](#).

⁵⁴ Renters Reform Coalition (2024) [Reform roadmap. A vision for renting in England with safe, secure and affordable homes for all](#).

⁵⁵ GOV.UK (2026) [Get help with savings if you're on a low income \(Help to Save\)](#).

⁵⁶ Evans, J., Finney, A. & Davies, S. (2025) [The role of savings in building longer-term financial security](#). University of Bristol Personal Finance Research Centre.

⁵⁷ HM Treasury (2026). [Help to Save reform. Delivery consultation response](#).

⁵⁸ Money and Pension service (2026) [The financial lives of UK people with debts in 2024](#)

economy. In addition, commissioners and funders of debt advice should consider how the debt advice provision they support can provide tailored support to people experiencing financial difficulty due to the impact of life events.

However, to support people to build safety nets to mitigate the worst impacts of life events, we need to recognise that people remain reluctant to seek advice. Government, regulators and employers should support greater access to affordable and accessible financial guidance services, including digital tools, workplace-based support and trusted community channels, particularly at times of financial distress.

In addition, the FCA's targeted support framework should be implemented to help to bridge the gap between generic guidance and regulated advice, particularly for consumers experiencing significant life events such as bereavement, illness, redundancy or relationship breakdown.

What do employers need to do?

Employers can play an important role in supporting their employees to put financial safety nets into place but, equally important, in keeping people in work while they are trying to manage the impacts of unexpected life events. This relates particularly to helping employees build savings; access to income protection insurance; and preserving the employment relationship.

Recommendation 6: Help employees build a savings pot

Our research makes clear that most people recognise the value of a savings pot as a safety net. To help build and rebuild a savings safety net, **employers should offer payroll savings schemes, financial wellbeing initiatives, and clear information about workplace entitlements such as sick pay and redundancy support.** The evidence on workplace saving schemes is strong, and finds that they generally do encourage people to save.⁵⁹ Taking an opt-out approach – automatically signing employees up for the savings scheme unless they choose not to – can increase participation considerably. Trials of one opt-out payroll saving scheme showed participation of almost 50% after four months, far higher than opt-in take-up of around 1%.⁶⁰

In fact, the success of the opt-out approach in savings and pensions offers a clear route to combining the two to achieve a national "rainy-day savings" infrastructure. The Resolution Foundation proposes raising default auto-enrolment pension contributions to 12%, with 2 percentage points flowing into a highly liquid 'sidecar' savings account with no restrictions on use, any balance above £1,000 rolling over into the pension pot.⁶¹

⁵⁹ Evans, J. & Davies, S. (2024) [Understanding the role of savings in promoting positive wellbeing](#). University of Bristol Personal Finance Research Centre.

⁶⁰ Phillips, J., & Stockdale, E. (2023) [Opt-out autosave at work](#). Nest Insight

⁶¹ Broome, M., Mulheim I. & Pittaway, S. (2024) [Precautionary tales: Tackling the problem of low saving among UK households](#). Resolution Foundation.

In recognition of the importance of this issue, in June 2026 a National Coalition for Workplace Savings was launched, to encourage more employers to implement and increase participation in workplace savings schemes.⁶²

Recommendation 7: Offer better access to income protection insurance

Employers could offer group income protection insurance for staff, particularly for long-term illness beyond the 28-week SSP limit. The UK income protection market has grown strongly in recent years, with sales of new income protection policies growing by 18% in 2024.⁶³ Nonetheless, coverage is still low. Around two-in-ten (18%) of fully employed individuals have income protection in place, whereas only 11.8% of self-employed individuals have coverage.⁶⁴ A regulatory market study found that, for product holders, the market for pure protection (including income protection) was working well, with high acceptance rates and stable premiums.⁶⁵ However, holders of this type of insurance tend to have lower levels of vulnerability than non-holders.⁶⁶

Our own YouGov survey found that a quarter of those who didn't consider income protection to be a safety net gave cost as a reason. Nonetheless, around a third of those surveyed just hadn't considered it at all. This suggests an additional challenge of making sure that those who need it most know about it and are able to access it.

Recommendation 8: Preserve the employment relationship

A number of women we interviewed had voluntarily left their jobs because of caring responsibilities but may have carried on if their employers had offered more flexibility that allowed the employment relationship to be preserved.

Carers who had given up paid employment were facing immediate income loss as well as long-term financial insecurity, and a negative impact on their wellbeing. Yet the evidence suggests that preserving the employment relationship (through job-protected leave or reduced hours) consistently produces better outcomes than interventions that replace income after someone has already left the labour market.⁶⁷ The consequences of carers leaving employment also impacts businesses, through employee turnover and lost productivity, and the Exchequer through higher benefit spending and forgone taxes. Recent government analysis suggests there are productivity

⁶² TISA (2026) [National Coalition for Workplace Savings](#).

⁶³ Araullo, K. (2025) [UK income protection demand soars as other products show mixed trends – Swiss Re](#). Insurance Business America.

⁶⁴ GlobalData (2024) [United Kingdom \(UK\) Protection Insurance – Income Protection Market Report Overview](#).

⁶⁵ Financial Conduct Authority (2026) [Market study into the distribution of pure protection products to retail customers Interim report](#).

⁶⁶ The Big Window (2026) [Pure Protection Market Study. Consumer Research Report](#). Financial Conduct Authority.

⁶⁷ Kling, K., Shaefer, H.L. & Stevenson, B. (2024) [Economic and Health Impacts of Paid Parental, Caregiving, and Medical Leave: A review of existing literature and evidence](#). University of Michigan.

costs of £37 billion per year when carers leave work.⁶⁸ Carers UK estimates the economic value of enabling carers to remain in work at £5.3 billion, against public expenditure costs of £1.3 billion a year for carers leaving work.⁶⁹

This is also something that people want and value, as our own interview data shows. A government study found that employees who had a period of sickness welcomed employer contact that was regular, proactive, open and empathetic.⁷⁰ For carers specifically, flexible working arrangements have been identified as the single most important factor that helped them remain in work, and that a "carer-friendly employer" was a significant driver of successful retention.⁷¹ Linked to this, the government should amend the Carer's Leave Act (2023) unpaid entitlement into a statutory right to five days of paid Carer's Leave.

More broadly, expansion of employee assistance programmes and return-to-work support could improve outcomes for workers facing health or financial challenges.

What do creditors need to do?

Creditors, such as banks and lenders, are often among the first organisations to interact with people experiencing financial difficulties and can play an important role in preventing hardship from escalating. Notably, few of our qualitative respondents had experienced positive engagement with creditors at the early stage of their financial difficulty.

Recommendation 9: Build on the principles of the FCA's Consumer Duty to ensure the fair treatment of all individuals who undergo a life event and experience debt or arrears issues as a result.

Over the last decade, the Financial Conduct Authority (FCA) has taken steps to strengthen the rules and guidance for regulated financial services firms around the treatment of consumers in vulnerable situations – such as those experiencing a life event – including the implementation of an overarching Consumer Duty. Together, these provide a robust framework for creditors and other regulated firms around matters such as more proactive intervention, better communication with consumers, appropriate responses such as forbearance and ensuring positive consumer outcomes.

The challenge now is for the regulator to ensure adherence and promote good practice across the industry. And, while the FCA guidance already recognises life events such as bereavement, job loss or relationship breakdown, our

⁶⁸ Department for Work & Pensions (2025) [The cost of working age ill-health and disability that prevents work](#).

⁶⁹ Carers UK (2024) [Taking the next step for working carers. Introducing a new right to paid Carer's Leave](#).

⁷⁰ Department for Work & Pensions (2026) [Employee health, work, and sickness absence: qualitative research](#).

⁷¹ Department for Work & Pensions (2019) [Informal carers and employment: summary report of a systematic review](#).

findings indicate that it should treat a sudden increase in caring demands in the same way.

Recommendation 10: Creditors should consistently offer proactive support, such as income maximisation tools, to those who are struggling

From a consumer perspective, progress has arguably been slower (at best patchy) among other creditors such as government, utilities and telecoms. Welcome steps include the Government Debt Management Strategy 2026-2030, which outlines the approach to the management and resolution of debt owed to government, focusing on preventing avoidable debt; resolving debt to clear standards; and improving government capability to resolve debt 'efficiently, effectively and fairly'.⁷²

Wider reforms that could potentially help people who experience financial difficulty as a result of life events include offering some form of forbearance at first contact after a reported job loss or other life event, rather than only once arrears have already accrued.

There is also still room for improvement in the ways creditors signpost people to advice and support services, including scope for greater integration between financial services and wider support systems. Creditors should be required to offer income maximisation tools and calculators where people are turned down for credit, for example.

What else would help?

Recommendation 11: Improve access, navigation and take-up of support

Financial support for people at, or facing, financial difficulties is often disjointed, difficult to navigate, and underclaimed. As a result, individuals facing an income shock can struggle to identify what support is available and how to access it. Furthermore, it is important for organisations and services to **recognise people's emotional state**, and offer guidance and support in a way that reflects the emotional impact that an unexpected life event could have.

Government can **improve signposting at key life events, develop more joined-up systems, and increase the use of trusted channels and digital tools to connect people with support**. Where possible, support should be streamlined through automatic enrolment and data-sharing mechanisms. For example, claiming one form of support could automatically trigger assessment for related entitlements, such as Council Tax Reduction or social tariffs.

Those experiencing illness or relationship breakdown may engage with organisations that support with their conditions or their personal circumstances. **Debt advice providers and organisations supporting people through major life events should build stronger referral partnerships to ensure individuals can access both specialist debt**

⁷² HM Treasury and Government Debt Management Function (2026). [Prevent Resolve Improve 26-30 Government Debt Management Strategy](#).

advice and the wider practical, emotional and health-related support they need. A more integrated approach would help prevent financial problems escalating while improving overall outcomes for people facing difficult life circumstances.

The wider use of eligibility checkers and "what if" tools could also help people understand their options before financial difficulties reach a crisis point. Information on keeping people in work, for example, the 'Access to Work' scheme, can be very useful to support people with disabilities, and could be better publicised.⁷³

To help people prepare to manage life events in advance of their occurrence, government should also work with schools, employers, financial services firms and the financial capability sector to strengthen practical financial education throughout life. This should include budgeting, saving, protection products, debt awareness, workplace benefits and long-term financial planning, with a particular focus on preparing for common life events such as illness, caring responsibilities, relationship breakdown, bereavement and job loss.

Finally, for some of our participants, life events had led them to a point where they needed immediate financial support. While the policy recommendations above aim to reduce the likelihood of people reaching a crisis point, easily accessible support needs to be there for those who do. The implementation in England of the Crisis and Resilience Fund⁷⁴ aims to provide joined-up support at a community level, to help build longer term resilience for households. Nationwide, schemes such as this are vital for those who have slipped through all available safety nets.

⁷³ IPSE (no date) [Disabled self-employment](#).

⁷⁴ Department for Work & Pensions (2026) [Crisis and Resilience Fund: Guidance for local authorities in England](#).

APPENDIX

Overview of research methodologies

We shaped the research around the following questions:

1. What is the relationship between different life events (or combinations of life events) and the risk of financial difficulties?
2. To what extent do different factors or safety nets change the risk of financial difficulties following life events?
3. How do the above vary for different demographic and socio-economic groups? Do different groups have differing access to certain safety nets?
4. How do people perceive their own risk of falling into financial difficulty due to life events?
5. What are people's attitudes to building their own financial resilience to cope with life events?
6. What tools / resources could help people to build their financial resilience?

To address these questions, we took a five-stage approach:

	Research method	Overview
1	Rapid evidence review	Review of existing literature on the factors affecting people's ability to cope financially with life events, including understanding demographic and socio-economic differences in financial resilience. 45 relevant items were included (all post-2010, UK based).
2	Qualitative interviews	25 interviews with people who have recently experienced a life event – 14 who had fallen into serious financial difficulties as a result (previous National Debtline or Business Debtline clients) and 11 who had not.
3	Analysis of FCA's Financial Lives Survey	Secondary analysis of 2024 data: 8,000 respondents aged 25-55, with 2,000 experiencing a life event in the past 12 months. To measure the impact of recent life events and effect of safety nets on financial outcomes.
4	Commissioned YouGov survey	A representative sample of 2,124 UK adults aged 18+, from which we analysed the results for 1,166 UK adults aged 25-55, to understand levels of preparedness for life events and availability of different safety nets.
5	Policy recommendation development	Review of evidence on policy and interventions, along with a policy workshop to co-produce recommendations.

Below we explain each methodology in more detail.

1. Rapid evidence review

Firstly, we conducted a **rapid evidence review** of the existing literature on the factors affecting people's ability to cope financially with life events, including understanding demographic and socio-economic differences in financial resilience. We focussed on UK-based, post-2010 work, from both grey literature (such as policy papers and non-academic research reports) and academic literature. In total, 57 papers were included in the review..

Academic papers were searched for using Web of Science, with a variety of search terms used which essentially coupled a given life event with a variety of terms related to poverty or financial difficulties. In other words, the article title needed to mention both a given life event (such as ("*job loss*" OR "*unemploy**" OR "*redundan**" OR "*loss of employ**") AND indicators of financial difficulty ("*low income*" OR "*debt*" OR "*financ**" OR "*arrears*" OR "*poverty*" OR "*impoverish**"). Studies that focused solely on macroeconomic 'debt' or public 'finances' were excluded, as were those where the focus was on health outcomes (for example, debt leading to poor health), rather than poor health being associated with worse financial outcomes. Additional articles were identified within references of those included, while we also included a range of grey literature that the research team was previously familiar with.

2. Interviews with those who had experienced life events

Secondly, we conducted **25 qualitative interviews** with a mix of National and Business Debtline clients (who fell into debt/financial difficulty as a result of life events) and other lower-income households (who avoided difficulty despite similar circumstances). We recruited across the various life events in both groups, and took a 'life history' approach, to understand differences in the availability of safety nets or coping strategies, which may have led to their differing outcomes. The interviews lasted around 45 minutes each and were conducted over Zoom. In the report, we have changed the names of people we interviewed for confidentiality. The table below gives a breakdown of the people we interviewed by key characteristics.

Profile of qualitative interviewees

NDL	10
BDL	4
Non Debtline	11
<i>Main life event experienced</i>	
Job loss or significant, prolonged reduction in hours	9
Becoming a carer to someone in household	3
Relationship breakdown	5
Falling ill (serious illness or disability)	5
Birth of a child	1
Bereavement	4
Other	1
<i>Gender</i>	
Women	16
Men	9
<i>Age</i>	
25-35	7
36-45	7
46-55	11

3. Secondary analysis of the Financial Lives Survey (2024)

Thirdly, we conducted **secondary analysis of the FCA's Financial Lives Survey** (FLS) data collected in 2024 to understand the relationships between different types of life event and the risk of various forms of financial difficulty, for different societal groups; and to explore how different forms of safety net (such as savings, insurances and social security benefits) can mitigate these risks. FLS respondents are asked about:

- Life events that they have experienced in the past 12 months.
- Whether these life events led to any of a range of difficulties in dealing with their finances (such as struggling to manage money and falling into debt).
- A range of safety nets, including cash savings, different insurances, receiving benefits, and borrowing from friends and family.

Our analysis focused on 7,987 respondents aged 25-55, of whom 2,036 had experienced one or more of the main life events asked about in the past 12 months, while 5,951 had not experienced any of these.

While most of the analysis was in the form of cross-tabulations (with basic significance testing), we also conducted regression analysis to understand how financial outcomes varied following different life events, depending on whether or not a given safety net was held. These included interaction effects

between the life event and the safety net, with the following control variables also included: sex, age, ethnic group, marital status, tenure, nation, degree-level education, internet access, employment status, zero hours or insecure work, household income, health-related vulnerability, and local area deprivation. Predicted probabilities were derived using the results of these models, assuming a given safety net was held and others weren't for a person who was otherwise average across the rest of our control variables.

For an overview of the sample, please see Appendix Table 1.

4. Newly commissioned YouGov survey

Fourthly, we commissioned a new **nationally representative survey of 2,124 UK adults aged 18+, from which we analysed the results for 1,166 adults aged 25-55** to understand their attitudes to preparedness for life events. The survey focussed on:

- Life events experienced within the past three years;
- How concerned they were about the risk of financial difficulty following a life event;
- What strategies or safety nets they might use to avoid difficulty;
- What general attitudes they hold towards building their financial resilience; and
- What barriers or motivators might help them to build financial resilience.

For an overview of the sample, please see Appendix Table 2.

5. Policy recommendation development

Finally, we **reviewed evidence on existing policy and interventions** to understand what is already known about what does and doesn't work to improve the safety nets identified in the research. This includes both public policy actions and other interventions, including evidence on behavioural nudges that could improve financial resilience. We held a policy workshop to co-produce the final recommendations with the Money Advice Trust.

Appendix Table 1 – Sample for analysis of Financial Lives Survey 2024

		All respondents (aged 25-55)	Any life events experienced in past 12 months?	
		Total sample	No life events	Any life event
Total	Total sample	100%	100%	100%
	Total	7,987	5,951	2,036
Age group	Under 25	0%	0%	0%
	25-34	33%	33%	34%
	35-44	34%	34%	33%
	45-54	33%	33%	32%
	55 plus	0%	0%	0%
	Total	7,987	5,951	2,036
Sex	Male	48%	50%	42%
	Female	52%	50%	58%
	Total	7,987	5,951	2,036
Ethnic background	White	81%	81%	82%
	Black & Black British	5%	5%	6%
	Asian & Asian British	10%	10%	9%
	Mixed, multiple and other ethnic groups	4%	4%	4%
	Total	7,886	5,869	2,017
Individual housing tenure	Own outright	7%	8%	6%
	Mortgage	46%	47%	43%
	Renting	38%	36%	44%
	Rent free/ Sheltered/ Comes with job / Other	8%	9%	7%
	Total	7,928	5,902	2,026
Marital status	Married/civil partnership	50%	51%	49%
	Divorced/separated	7%	6%	9%
	Widowed	1%	1%	1%
	Single	43%	43%	42%
	Total	7,812	5,818	1,994
Employment status	Employed	78%	80%	70%
	Self-employed	7%	6%	7%
	Unemployed	5%	4%	8%
	Retired or semi-retired	0%	0%	0%
	Student	2%	2%	2%
	Sick, Looking after home / carer, Other employed, Other	9%	7%	13%
	Total	7,975	5,939	2,036
Zero-hours contract or variable income	Not zero hours	80%	82%	74%
	Zero-hours contract or variable income	20%	18%	26%
	Total	7,987	5,951	2,036

		All respondents (aged 25-55)	Any life events experienced in past 12 months?	
		Total sample	No life events	Any life event
Poor health and/or progressive conditions	No	93%	95%	88%
	Poor health and/or progressive conditions	7%	5%	12%
	Total	7,987	5,951	2,036
Annual household income	Less than £10,000	5%	5%	7%
	£10,000-19,999	9%	8%	12%
	£20,000-29,999	11%	11%	13%
	£30,000-39,999	11%	10%	12%
	£40,000-49,999	9%	10%	9%
	£50,000-59,999	8%	8%	7%
	£60,000-69,999	7%	7%	6%
	£70,000-99,999	13%	13%	11%
	£100,000+	15%	16%	13%
	Refused income	12%	13%	9%
	Total	7,639	5,685	1,954
Highest education = degree-level	No	40%	40%	41%
	Degree-level	60%	60%	59%
	Total	7987	5951	2036
Digitally excluded	Digitally excluded	0.4%	0.4%	0.3%
	Digitally active	99.6%	99.6%	99.7%
	Total	7,987	5,951	2,036
Ability to use the internet	Bad, poor, fair or unknown internet ability	7%	6%	7%
	Good or excellent internet ability	93%	94%	93%
	Total	7,979	5,944	2,035
Nation	England	85%	85%	85%
	Scotland	8%	8%	8%
	Wales	4%	4%	4%
	Northern Ireland	3%	3%	3%
	Total	7987	5951	2036
Most deprived quintile of areas?	No	76%	77%	73%
	Most deprived quintile	24%	23%	27%
	Total	7,987	5,951	2,036

Appendix Table 2 – Sample for commissioned YouGov survey (aged 25-55)

		All respondents (aged 25-55)	Any life events in past 3 years?	
		Total	None	One or more
All respondents (aged 25-55)	Total	100%	100%	100%
	n	1,166	544	578
Age group	25-34	33%	32%	34%
	35-44	32%	34%	29%
	45-55	35%	34%	37%
	n	1,166	544	578
Gender	Male	49%	52%	46%
	Female	51%	48%	54%
	n	1,166	544	578
Ethnicity	White	82%	82%	82%
	Mixed	2%	2%	2%
	Asian	10%	10%	9%
	Black	4%	4%	4%
	Other	2%	2%	2%
	Net: Ethnic minority	18%	18%	18%
	n	1,166	544	578
Do you own or rent the home in which you live?	Own – outright	14%	15%	13%
	Net: Own	58%	62%	57%
	Net: Rent	29%	27%	31%
	Own – with a mortgage	44%	46%	44%
	Own (part-own) – through shared ownership scheme (i.e. pay part mortgage, part rent)	1%	1%	0%
	Rent – from a private landlord	20%	19%	21%
	Rent – from my local authority	5%	4%	5%
	Rent – from a housing association	4%	3%	4%
	Neither – I live with my parents, family or friends but pay some rent to them	7%	5%	8%
	Neither – I live rent-free with my parents, family or friends	4%	4%	3%
	Other	2%	2%	1%
	n	1,166	544	578
Family type	Living alone	15%	17%	14%
	Single parent	6%	2%	10%
	Single, living with family or friends	8%	7%	7%
	Single, living with others	7%	9%	6%
	Couple, living alone together	23%	25%	21%
	Couple with children	27%	27%	29%
	Couple, living with others	5%	5%	5%
	Other	9%	7%	8%
	n	1,166	544	578

		All respondents (aged 25-55)	Any life events in past 3 years?	
		Total	None	One or more
Which of these applies to you?	Working full time (30 or more hours per week)	67%	74%	61%
	NET: Working	82%	85%	80%
	Working part time	15%	11%	18%
	Full time student	1%	1%	1%
	Retired	1%	1%	1%
	Unemployed	6%	5%	6%
	Not working	7%	6%	9%
	Other	3%	2%	3%
	n	1,166	544	578
Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?	Yes, limited a lot	11%	6%	15%
	Net: Limited at all	27%	20%	34%
	Yes, limited a little	17%	14%	19%
	No	73%	80%	66%
	n	1,125	527	563
Household income	Up to £19,999 per year	12%	9%	14%
	£20,000 to £39,999 per year	26%	22%	29%
	£40,000 to £59,999 per year	24%	24%	24%
	£60,000 per year or more	39%	45%	33%
	NET: Up to £39,999 per year	37%	30%	43%
	NET: £40,000 or more per year	63%	70%	57%
	n	952	458	480
Education level	Low	16%	15%	17%
	Medium	33%	32%	32%
	High	51%	52%	50%
	n	1,166	544	578

