Momentum UK
Household Financial Wellness Index
Case studies

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1. Contextualising the Index

To supplement the quantitative survey analysis and add context to the Index, we conducted 14 qualitative in-depth interviews in six different locations around the United Kingdom. We interviewed a range of people, selected to represent the findings from the Overall Index and based on the key socio-demographic characteristics of: age; housing tenure; gender; marital status; income and ethnicity, as well as region.

The interviews covered similar topics to that of the Micro Index survey, asking about people's general financial situation and day-to-day money management. We also asked about their own understanding of the term Financial Wellness and, at both the start and end of the interview, asked where they would place themselves on a Financial Wellness scale out of 100.

This report presents illustrative case studies from all fourteen of the interviews, providing an in-depth, human perspective on individuals' Financial Wellness and how people perceive their own situation.

2. The case studies

"I recently got thinking. (I) don't want to be renting and (have) nothing to show for it."

Case study 1: Mr A

Mr A is a 27-year-old, single Latin-American male with no dependents. He was born in the UK and works part-time in a High Street store. His household income is less than £15,000. When he used to work full-time he lived in privately rented accommodation, but since leaving that job and only being able to find part-time work, he lives with his mother and brother in London, where he pays £350 a month in rent.

Mr A defines Financial Wellness as *"when it affects your quality of living… whether it dictates the quality of life… prevents you doing basic activities... going out with friends to the cinema or to eat"*. He also says it is *"whether debt free"*, *"relaxed"* or when you *''don't have financial worries"*. On a Financial Wellness scale of 1-100 he places himself at 35 'now'. A few years ago (when working in a hotel) he thinks it would have been 65. He feels part of the decline in his 'wellness' is the effect of the wider economy on him, in particular the housing situation in London. Mr A was upset about the 'social cleansing' in London, feeling that people on lower incomes were being forced to live on the 'edges of the city.' His major worry is getting onto the property ladder. Being part-time now is not the 'best time', but even if he went full-time he felt it was 'ridiculously difficult to get accepted (for a mortgage).'

He has a banking app on his phone and checks it once a day. He does this as he always hopes someone has made an accidental payment into his account! His priorities are paying the bills, rent and food shopping. He also prioritises travel – he uses a bus pass. However, he thinks that he is *"more of a spender* (than a saver) *unfortunately. Not great at managing my money* - *I go out socializing more often than planned"*. Mr A does use credit cards, which he is currently trying to pay off. He doesn't have overdrafts or personal loans, but does struggle to make minimum payments on the cards sometimes, saying he has to "*be honest, call them up and pay a week later; explain my situation".*

When asked about provisions for the future, Mr A says he has £4,000 in a savings account, and he has started thinking about a pension. He has also started thinking about children and how to provide for them, saying *"automatically your priorities shift".*

At the end of the interview Mr A changes his view of Financial Wellness a little, saying *"it may be to do with financial awareness. How aware in managing your finances,* (and) *how to make it grow and work for you. How good you are with managing money".* At the end of the interview Mr A raises his Financial Wellness score slightly to 45, saying he 'didn't think things were so bad' after discussing his finances.

“Everything is falling apart. The markets are folding again. Pension values going down… shares they keep losing… very difficult.”

Case study 2: Ms B

Ms B is a Swiss 49 year old single mother living in London, together with her 14 year old daughter. She lives in a rented apartment, and also owns a house which she currently rents out. When she first worked in London she had a very good job with a bank in the City and she used to “get a lot of money and splash it around”. She lost her job about five years ago due to the recession. She now finds the mortgage on her house ‘fine’, although there are a lot of expenses for the property. She earns about £30,000 a year, though this can fluctuate - *“sometimes I don’t even look (at the monthly income)”.*

Ms B defines Financial Wellness as: *“Be*(ing) *able to spread your finances in a balanced way…feeling comfortable…not a struggle…* (and to) *know exactly where the money is”*. She would like “*more money available to spend for extras. Going abroad, an extra trip abroad* (but) *I always have to think about the cost of the house, if the boiler breaks down or the plumbing”.* She gives herself 70 out of 100 for Financial Wellness, saying “*I haven’t done bad actually”.*

Ms B is concerned about the wider economy (see left), and while she is satisfied with her personal situation she used to be much better off and is finding adjusting a struggle: *“Always a struggle. Have to find extra money for plumbing. Extra expense”*.

She doesn’t really save any more, saying everything has gone up and is so expensive. Therefore, she has decided to enjoy life now, living ‘in the moment’, and making the most of it because there is so much ‘negativity’ around. *“I enjoy life on a weekly basis… (as I) don’t know what’s happening”*. Despite this, she has had to cut back, saying *“I used to buy a lot of silly food… used to go to restaurants all the time”*. While not so worried about cutting back on material things, she misses going out so often: *“You lose friends. Four or five of us used to go out for a meal, now only for birthdays. It is because you lose out on the social side and become more depressed”*.

In the past she sometimes borrowed more than she could really afford, but didn’t worry as she earned a lot of money. She now has credit cards, but doesn’t use them much, and does not use her overdraft. She has unemployment protection insurance, health insurance and life insurance, but thinks mobile ‘phone insurance is a ‘rip off’. She has three pensions, her house, and think she may inherit a house abroad, so feels this provides sufficient provisions for the future, though she does worry about losing her job: “*If I lose my job how am I going to survive?*”. After discussing her finances, she changes her Financial Wellness score to 60, giving a strong impression of her finances having taken a turn for the worse over the past five years.

“I don’t want it to get any worse, but I can live with my current financial situation.”

Case study 3: Mr C

Mr C is a 69-year-old, retired man living with his wife in a Housing Association bungalow in the Midlands. He defines Financial Wellness as *“being able to pay the bills and have a bit left for nice things”.* Their monthly income of £860 - £1,200 per month is reliant on disability living allowance for his wife, who has Parkinson’s disease, and his own state pension and pension credit. They have around £10,000 in savings in the bank and no other assets.

During his working life he had various businesses, including one where he bought and sold on debts and leases. Because he has seen first-hand what debt does to people, he has consciously never been in debt or borrowed money. He always dealt in cash and has never invested the money in banks or building societies. When he was working, money was never a problem and they always had enough cash to do or have what they wanted, and were able to fund their hobbies and holidays. A number of years ago they sold up everything in the UK and moved to Spain to work and build a house; however, due to his wife’s illness, they were forced to come back to the UK and sell their Spanish home.

Their current financial situation is not what they anticipated for their retirement. Five years ago they got burgled and lost a ‘lot of cash’. All cash from the proceeds of the Spanish house sale was hidden in their loft and was stolen. This cash was supposed to be their retirement nest egg. This significantly changed the picture for their planned retirement lifestyle. He now wishes he had made more adequate provision for retirement with some of the cash he had when he was working – he didn’t invest in a private pension.

So now, they live day to day and make sure that their outgoings do not exceed what is coming in each month from the pension and disability living allowance. He doesn’t think they go without, but they do have to be very careful about what they spend. They budget monthly and all income is accounted for. They don’t have spare cash for holidays and go out with their friends once a month. If there was a large purchase to be made e.g. car repairs or replacement appliances or if their situation changed unexpectedly, they would have to dip into their limited savings:

“If things changed unexpectedly like if the housing association put the rent up and the council wouldn’t pay, then I’d be in trouble as I don’t have any funds to make up a shortfall”.

Mr C gives himself 75 out of 100 for Financial Wellness, saying *“I can live with my current financial situation”* but *“I don’t want it to get any worse”.*

“It's either (working longer) or marry a very rich man and I don't see that happening.”

Case study 4: Ms D

Ms D is a 42-year-old single mum of 3 children aged 7, 9 and 11 years old. She is in the process of getting divorced and works four days a week as a communications manager in the charity sector. Ms D has a home with a mortgage. Her monthly income is £2,150 - £4,299 and is made up of her salary, Child Tax Credit, Child Benefit and Child Maintenance (via an informal agreement with her ex-husband). She gives herself 55 out of 100 for Financial Wellness, and considers Financial Wellness as:

“Being in a position where I don’t have to worry. Having enough for day to day and also having a buffer in place. It’s also about thinking about the longer term like retirement. I’d like to have different buffer pots for different things like for the car, or house roof repairs or the big things like illness, that you can’t plan for”.

Her finances have been strained for some time. Her ex-husband got them into a lot of debt through the mis-management of his own business. At one point they owed £40,000 and were living off credit cards. Since starting the divorce process, she has managed to clear her side of the debt (£20,000) due to an inheritance when her dad died last year, and she intends to buy her husband out of the family home once the divorce is complete.

She is paying for the divorce proceedings and is using her ‘contingency funds’ to do so, which makes her feel financially vulnerable at the moment. She knows she will replenish these funds once the divorce is complete. She is careful about how she spends money generally and has a spreadsheet to monitor the family income and expenditure each month. Day to day, she feels that the monthly income covers the outgoings. The family don’t go without and she will budget accordingly to ensure they have treats or holidays. She will not borrow money and if she can’t afford something, she won’t buy it; *“I don’t spend what I haven’t got”.* She wants to be able to have different ‘pots’ of money to cover various levels of unexpected expenditure (like car repairs, home improvements, illness) but is not able to do this currently and has no savings. For her, being financially well means having the short term and long term view covered – able to live day to day and have contingency for the unexpected.

She thinks about longer-term financial planning to some extent, and thinks she will need to downsize the family home in retirement, and live off a mix of the equity, private pension and any inheritance she might get from her mum.

“There's a lot of people more better off in terms of material stuff, but actually my kids are fed, watered, happy, we get holidays and I don't have to worry too much about money.”

“(Financial Wellness is) when you are comfortable, when you don’t have significant debt like loans and credit cards. I don’t see having the mortgage as debt. And if I do use my credit card it is paid off straight away”

Case study 5: Mrs E

Mrs E lives in the Midlands, is 30 years old and is married with no children. She is currently working as an office temp but had previously had a career as a 999 call centre manager (which she left due to shift patterns and stress a couple of months ago). She is looking for a permanent job in a team leader role. She and her husband have a mortgage and bought their current home a year ago. They don’t have any other debts and her husband is a self-employed builder who has a good income. Their monthly household income is currently £1,300 - £1,719 but she expects it to be more like £2,150 - £4,299 again once she gets a permanent job. She doesn’t currently have any savings but her husband has £15 - £20k saved. He also has a flat that he rents out which he sees as a future pension. Mrs E has always paid into a workplace pension and will do so again when she gets a new job.

Mrs E places herself ‘*midway’* on the Financial Wellness scale, and thinks that financial wellness means being financially comfortable, without significant debt. It means being able to pay all the bills and have money left over to have nice things and being able to put money aside for emergencies. As she is currently temping, she has cut back on her personal expenditure, e.g. nights out and buying clothes. Her husband’s expenditure hasn’t changed and his salary could cover their outgoings if needed.

She considers herself and her husband to be quite careful with money and they will think before making large purchases, including holidays. They are both ‘savers’ rather than spenders and will put money back for things e.g. building an extension on the house. They will also search comparison websites to make sure they are getting the best deals on insurance. If there was an unexpected purchase, the size of the purchase would determine how they funded it. Small amounts could be put on a 0% credit card, whereas other larger amounts might be funded by a personal loan or from existing savings.

When asked to reconsider her Financial Wellness in light of the interview, Mrs E says it is being comfortable with their spending and being able to pay the bills and all essential outgoings, as well as being able to have meals out and do the ‘nice to have’ things as well, while being able to cover emergencies. She readjusted her Financial Wellness score to 75 at the end of the interview.

“I would just be average, you know, I’m not struggling… but I could do with having more money at the end of the month.”

Case study 6: Ms F

Ms F is a 30-year-old, single mother with two young children in Northern Ireland. She currently works part time as a care worker, based in one care home, having switched from delivering community-based care a year earlier. This was as a result of the terms of her contract changing, meaning she would no longer be able to claim back her travel costs. She feels that Financial Wellness means *“you're in a good place with money or, maybe, you manage money okay… just budgeting your money and making sure you have enough for bills…and you're putting a little bit aside for like a rainy day”*. Overall, she is currently happy with her financial situation, and initially rated herself as a 70 on a Financial Wellness scale.

This perceived Financial Wellness stems largely from her ability to manage and budget well on a relatively small income – she earns approximately £600 per month at her job, and receives a further £1,000 a month from tax credits and child benefit. She uses one current account for bills to ensure they are paid, and then manages her day-to-day money from a different account. She saves with a credit union, budgets for Christmas through the Park scheme, and has access to an overdraft for unexpected expenses.

However, she is also aware that her circumstances are, in some respects, quite precarious; last year, when she changed jobs, her salary changed from being paid weekly to being paid monthly, which resulted in her struggling financially until she got herself back on an even keel. While she is confident that she would manage some unexpected expenses, she is also aware that more than one event can happen at a time: “*last year my washing machine broke down and then the fridge went…, it's scary when things like that happen*”. Previously, she has needed to use store cards and catalogues to replace essential items when she would have preferred to buy outright, and she has a loan for her car, which is essential to her, that she feels may have overstretched her. She has also needed to cut back on classes for her daughter for a while, although now they are managing better, she has restarted them.

In fact, on reflection she feels she was over-optimistic about her Financial Wellness initially and revises it down to 50, as she feels her circumstances are just average: “*when you go into it and start thinking about things, I would just be average, you know, I’m not struggling… but it doesn’t leave a huge lot at the end of the month, you know, I could do with having more money at the end of the month”.* She is more optimistic for the future, as she has the support of her parents, and is intending to retrain as a nurse, which she hopes will give her a secure financial future.

"I think money in your pocket or in your bank account is worth infinitely more (than pensions)... we're private landlords as well."

Case study 7: Mr G

Mr G lives in Northern Ireland and is a 30 year old single male who is a company director, with no dependents. He lives on his own (but has a girlfriend) in the house he owns with a mortgage. He's had the house for 8 years. In November 2014 he set up a construction software company. The company comprises of himself and two sales staff. He says he set up on his own because he doesn't believe in pensions and his plan is to try and sell his business in five years' time. He has two properties in Belfast which he rents out. He bought one in 2006 – which cost him over the odds at the time – and the later flat purchase was a bank repossession which he got very cheaply. He '*waited for it* (housing market*) to all to go wrong*' and then '*made a move*' when prices had slumped. His monthly income is around £4,300. He pays himself £50,000 annually, but his income can fluctuate a bit depending upon whether his flats are currently let or not. When they are let he gets £450 a month from each for them.

Mr G understands financial wellness to mean *"not being under any financial strain. You can take the wife to the pub at the weekend and go away every weekend…have holidays...do everything you want to do…(with a)…non reliance on credit".* On a Financial Wellness scale of 1-100 he rated himself at 80-90. He based this on having more money coming in than going out. With regards to the wider economy, he says *"interest rates are low and it just takes some 'eejit' Chancellor to destabilize the economy again".* He feels that bricks and mortar are the safest investment.

Mr G says he doesn't budget, and '*does not watch pennies*'. If he wants to go out he will go out and he is generally able to do what he wants. He is not flamboyant and he doesn't go in for luxuries but he can get whatever he wants. He's a saver because he '*can't spend as much as he earns'*. He won't throw money away though. He shops around and is always careful to get the best quality he can for the best price. He'll do a cost benefit analysis to see which is the best option. He hasn't cut back at all. The only thing he has cut back on recently – and this was not due to cost – was socialising as he '*overdid socialising at Xmas'.*

Overall, Mr G feels he can have and do whatever he wants financially. He is quite frugal in some ways but he does like to spend on travel and socialising. He is financially confident and has looked into both short and long term planning. He has eschewed a pension in favour of his business and buying properties, which he sees as his provision for his future.

“I’m not a millionaire but I don’t worry about money.”

Case study 8: Mr H

Mr H is 70 years old, twice divorced and lives on his own in the South West. He feels financially secure in his retirement and gives himself a score of 80 out of 100 on a Financial Wellness scale. He believes that Financial Wellness is when *“you don’t have to worry about money or bills and can do what you like”*.

During his working life he had a good job with a six-figure salary, and now has a comfortable retirement with a total monthly income of £2,150 - £4,299. This income comes from three pensions and income from a holiday let. Mr H considers that he made adequate provision for his retirement, through work pensions and savings and shopped around to get himself the best annuity deal. He also has savings and shares totalling c£70,000. He still has a small interest-only mortgage on his home that costs him about £35 per calendar month. He could pay it off but won’t, as he doesn’t want to use his savings and the monthly outlay is negligible.

Mr H feels that he has a good standard of living and has had to make no changes to his lifestyle since he retired. He is able to employ a house-keeper and gardener and have someone manage his holiday let. He has no worries about money and doesn’t think about what he spends (although he says he doesn’t spend unnecessarily):

“I can buy what I need or want…I have the cash to do so. I’ll just move savings around if needed so that everything balances.”

He has no need to borrow money nor does he have a fixed monthly budget and feels fortunate. He has had this attitude for many years, not just since his retirement. His monthly income more than covers his outgoings and he is saving by default. If he wants or needs something, he will spend the money. He knows how much money he has and will move funds around if necessary. He rarely looks at insurance renewal amounts and tends to stick with the current provider for ease (direct debits are set up). He knows he might get a better deal if he shopped around but has only done this once, in relation to utility bills.

“We’re not well off but we are comfortable”

Case study 9: Mrs I

Mrs I is a 39 year old married mum with two young children aged 16 months and five years. She works part-time as a healthcare assistant and her husband is a full-time fireman. They live in the South West of England. He works away from home, working shifts on rotation, so Mrs I is at home with the children on her own for part of the week. Their combined monthly household income is £1,720-£2,149 (made up of both salaries and child benefit). They don’t have any debts apart from a mortgage, and have 15 years left to pay on it. Her husband has savings but she doesn’t know the amount, and she has some shares worth about £6,000. She scores herself 80 on a Financial Wellness scale of 100, and defines Financial Wellness as “*having a budget and trying to stick to it”.*

For Mrs I, financial wellness means being able to pay your bills and cover all your outgoings. Mrs I doesn’t worry too much about money. Sometimes there are concerns about redundancies in the fire service, but they don’t dwell on these. Although they don’t have a great deal of money left over each month, Mrs I feels that they have a good standard of living and can afford to have days out with their children or meals out together. Her financial priorities have changes since having children, and money is more likely to be spent on the kids rather than her these days. Her salary is also significantly reduced now that she works part time. She doesn’t mind this though as she wants to spend more time with her children. Both salaries adequately cover their mortgage, main outgoings and the family food bill.

Mrs I doesn’t know the detail of how much money is coming in or going out of the household, or how much her husband has in savings accounts, but knows that they spend within their means and have some money put aside – she just doesn’t know how much. She thinks she knows more about the finances than her husband as she checks their banking more frequently. She also shops around for insurance and utilities to make sure she is getting the best deal. She doesn’t feel that money is in any way a struggle for them and they can do the things they want to as a family. Unplanned expenditure on large purchases would likely come from borrowing and she would be ok with this, saying *“if we needed a new car we’d have to look at using savings versus getting a loan”.* She wouldn’t borrow money for a holiday though as she doesn’t see holidays as a necessity. She doesn’t tend to borrow money or put purchases on a credit card, but when she does pays it off as soon as possible.

Mrs I is less certain of the provisions in place for her retirement. She has paid into workplace pensions and says her husband pays into the fire service pension. She is less clear on how much they would have to spend in their retirement and knows that they need to sit down and look at this, but she doubts it will be in the next year or so. Their financial priorities are more short to medium term and include a holiday to Disney World and building an extension for their home.

“Some people dream of going on holiday so I can't complain, yes it's been hard but I can't, I honestly can't complain.”

Case study 10: Mrs J

Mrs J is in her early thirties and lives in Wales with her husband and two children. She understands Financial Wellness to mean *“having a steady income for the family and just being able to get by”* and on this basis, initially rated her Financial Wellness as 30 on a scale of 1-100.

She has worked as a self-employed beauty consultant for around a year and her husband works full time as a delivery driver, although has been off work since an accident last August. The last few years have been financially tough for the family, as a result of a drop in both her and her husband’s income. Her husband earned around £26,000 last year, but expects it will be lower this year as he is not earning overtime and had his wages reduced by five per cent. She estimates that he is bringing home up to £500 per month less than he was before he was injured. Her earnings as a consultant have also dropped: “*last year I took home £1,400 with a bonus one month, I was taking around four to six [hundred] on a good month but the last couple of months have been quiet, it's been three [hundred]”.*

They have still not recovered financially from when she was made redundant and subsequently out of work for a year. To bridge the gap between their incomings and their outgoings, they have been relying on credit and are still in the process of paying this back. They owe approximately £17,000 between them, and the repayments mean they are still struggling to manage even though Mrs J is earning again. They have cut back on entertainment and clothes, and some weeks are unable to heat their house at all, and only use the gas to hear the water: *“I'd love to be able to put £50 gas on there every time we get paid, but we just put £20 and then sometimes we go into the emergency and it runs out”*.

Mrs J regrets getting into debt, however, is aware that they were often borrowing for necessities. She feels the key to Financial Wellness is financial education, and is very regretful of debts both she and her husband separately accrued when they were younger, before she started a family: “*I was very reckless with money when I was a teenager…, I wasn't told about finances, about credit cards, how to be wary of them, about the importance of getting on the housing ladder”*.

Despite all this, Mrs J is relatively positive about their short-term financial future; she is intending to look for better paid work, and they receive financial support from their parents in the forms of loans they can pay back in their own time. She is also hoping that, in the much longer term, that they will received some inheritance form her husband’s side of the family. Having reflected on her finances, she in fact rescores the households as *“in retrospect over 50... I think we're doing pretty well considering, and I think it's only going to get better when Mr J is back in work”.*

“Oh day-to-day if everything is the same and nothing changes, fine…anything unexpected I haven't got anything, I'd have to go into credit, which I don't really want to do.”

Case study 11: Mrs K

Mrs K lives in South Wales and is married to her second husband with four children (two from a previous marriage). Both she and her husband are self-employed running their own leisure business. They also receive tax credits and child benefit, bringing their household income to around £2,000 a month. When asked what Financial Wellness meant to her, Mrs K replied *“not having to worry about your money really because when you worry it obviously causes stress, which is not good for the whole house…it’s definitely much les stressful when you’re not worried about money.”* Mrs K rates her Financial Wellness as 50 out of 100, *“I’m in the middle to be honest”.*

Mrs K felt that she was better off when she was on her own, saying, “if you're on benefits you don't have to worry about paying your rent do you?”. She now feels *“okay, I have everything I need, no one is poor…I've got everything in life, I think I have everything but I think it needs to improve, we need more money coming in”.* Mrs K would like to use this money to save, and possibly buy a new car (she recently sold hers to make some money for her mother-in-law’s funeral).

Mrs K makes all of the financial decisions in the household, but says she is *“more of a spender by nature”*. She has always tried to save, but hasn’t been very successful. Mrs K has cut back in the past 12 months, mainly on clothes, saying she now only buys what she needs, rather than just going out to *“get a load of clothes”.* While reluctant to use credit or overdrafts, when asked how she would cover a major unexpected expenditure, Mrs K answered “*I would have to go and get credit now, I wouldn’t have anything really”.* She would try not to ask family for help, as “*I wouldn’t really want to put it on someone else”.*

Mrs M has no plans in place for retirement, and even when she was working for the NHS didn’t pay into the pension scheme. When asked if she has adequate provisions in place, she answers succinctly “*no, definitely not. I won’t have anything if it carries on like this”.* She is not confident in her long-term financial situation, but says *“I'm not really concerned because, obviously I'm not stupid…like I said I know that I need to improve things financially”.*

Mrs M thinks she is as financially well as she could be at the moment – *“there’s nothing else I can do really because like if I had more money to hand I would do more with it.”* When asked about her Financial Wellness at the end of the interview, she says she now feels “*better about myself because I know I’m doing the best with what I have”.*

“If you can manage without being in debt, that’s good enough”

Case study 12: Mrs L

Mrs L is married, in her seventies and lives in Yorkshire. Both her and her husband retired over ten years ago. Mrs L’s and her husband’s main source of income is their state pension, but they also earn some money from interest on their savings. Prior to their retirement they were self-employed so do not have occupational pensions. Their household income is approximately £250 a week. Mrs L describes the term Financial Wellness as “*being able to manage… if you can manage without being in debt, that’s good enough…. you can pay your bills without worrying*”. Mrs L rates their household Financial Wellness as 100 out of 100. They could meet all of their everyday needs and did not have any financial difficulties or concerns. She was very satisfied with their standard of living.

Generally they haven’t needed to prioritise and can just buy what they want, giving the example that they had recently bought new bedding. The husband makes all of the financial decisions in the household and manages all of their finances. Mrs L has no interest in money, when she needs to go to the shops she asks her husband for the cash, or they go shopping together and her husband pays. They have just bought a new car. They didn’t need to think much about the financial implications of buying a new car as they could afford it. They don’t have financial difficulties and do not have to cut back. Mrs L also made the point that at their age there is nothing that they actually need because: “*as you get older, you’re less inclined to need anything, you’ve more or less got what you need*”, so they don’t often have to meet large expenses other than day-to-day costs.

They don’t have any borrowing / credit commitments. Everything is paid for from their current account or from savings. They have around £35-£40,000 in cash savings that they accrued prior to retiring to fund their retirement. They listen to their children for advice in relation to offers and deals. Her husband will think about their advice and then make a decision. He discussed with his son the idea of replacing their car who thought it was a good idea.

They feel that they have made adequate provision for their retirement. The size of their savings is declining a little bit over time because the interest rates are low, but this is not a worry. Husband is “canny” with how he uses their money. They don’t have any concerns for the future regarding their finances. They think they have enough in savings to cover any future needs, and don’t expect their financial circumstances to change.

"As long as I've got food in my cupboard, gas on, electric on, my bills are paid, I'm financially well off."

Case study 13: Ms M

Ms M is a single parent in her late twenties with two young children. They live in private rented accommodation in Yorkshire. She would like to work part-time, but there are no nursery places available locally for her youngest child. She does not like being on benefits and would like to work even if she was only £20 a week better off as it would *'get her out of the house'* and it would be a better lifestyle. She had to give up work when she had her first child. All of her income (£about £750 a month) is from benefit payments, including Income Support, Child Benefit, Child Tax Credits, Housing Benefit/Local Housing Allowance and Council Tax Benefit. Ms M defines Financial Wellness as "*having enough for staple things",* and rates her Financial Wellness as 50 out of 100.

Ms M considers that she is financially well because she doesn't have any debts and can meet basic needs for food, heating, electric and rent. However, she can't afford to go out and socialise herself or afford social / leisure activities for her children. Through further discussion it was apparent that she sometimes went without essential needs for herself. Her biggest concern is the disrepair of the house she rents. There are problems with cold, damp, mice, asbestos and unsafe glass. Due to the poor condition of the house she does not invite people round. In terms of the wider economy Ms M was concerned about potential future cuts to benefit levels and was aware of discussions within Government to cut Child Tax Credit. If her benefit levels were cut she would not be able to manage financially.

Ms M occasionally goes without eating '*proper meals'*, saying "*as long as the kids have got decent meals I'm not bothered about me*". She is restricted on what she can afford to spend on the children and gave the example of where she couldn't afford to let her oldest child go swimming with his friends. She doesn't have a car and mostly walks to places or catches the bus. In the past she has gone without having a landline phone and internet and just used her mobile phone for incoming calls.

She does not have any credit commitments and is very anti-borrowing. Borrowing makes her uncomfortable *"I would rather struggle than lend".* Despite being on a low income she has been able to save. Over the last three months she has saved up £1,300 to cover the costs of moving house (rent in advance, bond, admin fees, etc.). She doesn't have any savings accounts. The only way she is able to save is by giving the money to a friend to look after. If she had a savings account she knows that she would dip into when she was short of money. She does not have any provisions for retirement, but hopes to start thinking about the future when she is able to start working. She does not want to remain on benefits and hopes to be in a more comfortable financial situation in the future.

“Back then I just didn’t care – I wasn’t bothered in the slightest about paying it back. I wasn’t bothered about bailiffs. I wasn’t bothered about anything. I didn’t care.”

Case study 14: Mr N

Mr N is a single male in his mid-twenties, living in Yorkshire and Humberside. He lives alone in a Housing Association rented property, where he has lived for nearly five years. He works full-time in a distribution centre, earning close to the minimum wage. He sees Financial Wellness as *“stability of knowing where you’re at … knowing how much you’ve got; how much you can afford to spend*”. Based on this definition, he gave himself an initial score of *“minus 20”*.

Although he is working he struggles to meet all of his day-to-day needs. In the past he has had a very poor attitude towards money and feels that his Financial Wellness is very poor because of the number of debts he has accrued over several years. His past debts include a bank loan, a loan from a finance company, payday loans, pawnbroker loan, credit card and overdraft. He suffers from attention deficit hyperactivity disorder (ADHD), which means his *“behaviour can be very impulsive”*, so he will often buy things he likes even if he can’t afford them. His financial circumstances are better than they used to be, but are still not great.

He admits that he wastes money on smoking. He doesn’t have a car and walks everywhere. He can’t often afford to go out socially for a drink unless his mum has given him a bit more money, or if his friends offer to buy him drinks. His mum will also help him out if there is an emergency in the house and something breaks (e.g. the washing machine). He uses a savings account as his main bank account as it means that he can’t go overdrawn. It also means that he doesn’t have a debit card and so has to go into the bank to withdraw cash and means that he can’t make impulse purchases as easily. His wages get paid into this account.

He doesn’t have home contents insurance as he might never claim on it and the money he would pay each month for the cover could be used for other things such as food. He hasn’t made any retirement provisions other than the National Insurance he has paid. In principle he thinks saving for retirement is a good idea, but is concerned that with inflation you won’t get much out of a pension even if you pay into one and has heard about pension schemes going bust where people are left with no money. After reflecting on his finances, he rescores his Financial Wellness but only to 20 out of 100, largely because of the debts he still has to pay off.

3. Summary

The definitions of Financial Wellness emerging from these case studies were broadly and remarkably similar. Financial Wellness, to most, could be defined as being able to get by from day-to-day without falling into financial difficulty, while also being able to put a bit away for the future in order to build some longer-term security. This corresponds with Momentum's own view of Financial Wellness, and sits neatly alongside the findings from the Momentum South Africa Report.

The interviews demonstrate how Financial Wellness can be affected by a great number of issues. Unexpected events, however, seem to have an enormous bearing on individuals and families' future Financial Wellness. While people may be getting by at the moment, some individuals (such as Ms D and Mrs K) noted that they had inadequate provisions or contingencies to deal with unanticipated life events or sudden drops in income, e.g. illness or redundancy. Mrs J, whose husband could not work full-time due to an accident and who herself was made redundant, and Mr C, whose life savings were stolen, both exemplify this, despite facing very different circumstances. Without adequate savings or security, people are often forced to turn to credit or else face a lower standard of living.

Individuals' past financial behaviour is also an important driver of their Financial Wellness. For example, though Mr H benefitted from a good salary in his working life, he also made sound decisions in relation to his future financial security, building up a pension and savings, and shopping around to get the best annuity deal. This has left him in a stable, financially well situation. Mrs J and Mr N meanwhile both blame past 'reckless' and 'impulsive' behaviour for many of their current financial problems. Financial education is therefore seen as crucial by Mrs J in order to prevent people from making mistakes that they may live to regret. The example provided by Mr N perhaps also highlights the need for specific schemes to improve the Financial Wellness of vulnerable consumers, such as those with disorders like ADHD or mental health problems. Clearly, Financial Wellness is not static, and nor is it something that just 'happens'; it fluctuates throughout the life-course.

These case studies provide a unique insight into the financial situations and behaviours of 14 very different households. As with the Momentum Index report, we see that on a day-to-day level people feel they are getting by. However, there is often limited scope for savings, and many people do not have money ‘put aside for a rainy day’. This can leave people vulnerable to both income and expenditure shocks, forcing some to significantly change their lifestyle in order to cope with a change in circumstances. The same is true when looking at people's provisions for their retirement: many are failing to plan adequately for the future, not because they don't care, but because their current priority is getting by on a day-to-day basis. Reassuringly though, the case studies show a reluctance to turn to credit, being a last resort for many people, and the majority of people remain fairly confident about their financial future.

The parallels with the quantitative report are remarkably consistent, with these case studies adding more granularity and a ‘dose of real life’ to the Momentum UK Household Financial Wellness Index.