



Scope to...

# Disabled people and financial well-being

## The financial situation for disabled people

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### Key messages

- Because disabled people are less likely to be able to save or have insurance, they often lack a financial safety net. This makes them particularly vulnerable to financial shocks.
- Part of the reason for this is because they face many extra costs associated with being disabled.
- Disabled people incur costs from being financially excluded, such as lacking a bank account.
- Disabled people will be acutely affected by the welfare changes, some of which they are completely in the dark about.
- All of this combines to leave disabled people in considerable financial difficulty, and extremely pessimistic about their futures.

### The financial situation for disabled people

**“The money coming in never completely covers what is going out. Sometimes my family goes without food to cover unexpected expenses.”** Ross (1)

**Without a financial safety net, disabled people are unable to cope with unforeseen financial shocks**

- Disabled people are being denied access to insurance, or are paying higher premiums for it. Just under one in ten (8%) disabled people have been turned down for insurance, and 61% of those who were turned down for at least one type of insurance said this was because of their impairment or pre-existing health condition. (2) A further one in five (22%) believe that it is their impairment that makes their insurance premiums higher.

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1 All quotes in this pamphlet are from the ‘Scope Money Matters Survey 2009/2010’

2 Unless otherwise referenced, all statistics come from survey analysis conducted by Ipsos MORI (see acknowledgements). Note: Small sample size of 79 disabled people.

- The majority of disabled people (85%) say they have not been able to save any money in the last 12 months because they cannot afford to – a higher proportion than non-disabled people (79%). (3)
- Given that they lack these financial buffers it is not surprising that over a third (37%) say they could not afford an unexpected – but necessary – expense of £500, compared to a quarter of non-disabled people (26%). (4)

“I organise an annual budget which is fine unless anything unexpected happens, as we have no savings and credit card debt is already too high.”

Richard

“I worry every day about the state of our finances and hope no unexpected bills or problems arise, as it is a constant struggle to pay the normal monthly direct debits.” Gina

#### **Disabled people are heavily reliant on high cost (5) and sometimes illegal forms of credit for the basics in life**

- Half of disabled people (49%) have used a credit card or loan to pay everyday items in the past 12 months (6) – most commonly to pay for clothing and food. Disabled people are more likely than non-disabled people to have taken a loan out to pay for water and heating bills (14% compared to 9%). (7)
- Disabled people are much more likely to have a cash loan from a company that comes to their home, with one in ten (10%) having this, compared to just 3% of non-disabled people. (8)

“Bullying debt collection agencies and credit card companies who break the law in trying to force you to pay them money you haven’t got gives me sleepless nights.” Rita

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3 Wealth and Assets Survey, analysed in Ipsos MORI (2013) Disabled People and Financial Wellbeing

4 Wealth and Assets Survey, analysed in Ipsos MORI (2013) Disabled People and Financial Wellbeing

5 The cost of high cost credit: borrowing £100 from a mainstream credit card and paying back in full after making just the minimum payment in the first month would cost consumers £1.44. However, the same loan through a payday lender would cost the consumer approximately £37, National Audit Office (2012) Regulating consumer credit, <http://www.nao.org.uk/wp-content/uploads/2012/12/1213685.pdf>

6 Note: Respondents were asked if they had used a credit card or loan to pay for clothing for themselves, food, a holiday, an unexpected expense, leisure activities, clothing for other family members, regular bills, non-disability related home improvements, utility (gas/electricity/water) bills, another type of credit (loan, credit card), a car, disability related equipment/services, study and disability related home adaptations.

7 Wealth and Assets Survey, analysed in Ipsos MORI (2013) Disabled People and Financial Wellbeing

8 Wealth and Assets Survey, analysed in Ipsos MORI (2013) Disabled People and Financial Wellbeing

### Life is more expensive if you are a disabled person

- Research has estimated that disabled people spend on average £800–1,550 per month on disability related costs. (9)

“We had some savings but have had to spend a lot on necessary work to our home.” Penny

- In our society, disabled people are more likely to be unemployed and in low paid jobs. In 2012 only 49% of people with disabilities were in employment, compared to 78% of non-disabled people. (10) 16% of disabled people are earning less than 60% of the median hourly income, compared to 13% of non-disabled people. (11)

### Disabled people’s costs of living are spiralling

- Of those who describe their financial situation as being bad, half (50%) think this is because they find it difficult to pay the bills. One in five (16%) say they cannot keep up with rising costs of living.

“My main worry is heating and lighting costs which have escalated in the last couple of years – I am a paraplegic and therefore feel the cold terribly.” Helen

### Disabled people are also less likely to have a bank account, which makes life even more costly

- Disabled people are less likely to have a current account than non-disabled people (87% versus 94%). (12)
- There are many costs associated with not having a bank account: without one, it’s not possible to take advantage of direct debits which offer discounts on bills; cheques may have to be cashed at significant cost; entrance into employment is more difficult because employers wish to pay wages directly into an account; and it becomes very difficult to receive benefits.

“As my disability is Autism, and I have learning difficulties... I cannot have a bank account as I am unable to understand the terms and conditions that I have to sign for. I do not understand about signatures as I don’t really have one.” Pam

“My credit rating is very poor as I have no wage and it has been difficult to open even a basic bank account.” Dan

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9 Demos (2010) Counting the Costs. <http://www.demos.co.uk/publications/countingthecost>

10 Labour Force Survey (2012) Quarter Two, 2012. Note: working age men aged 16-64 and women aged 16-59

11 Equality and Human Rights Commission (2010) How Fair is Britain, [http://www.equalityhumanrights.com/uploaded\\_files/triennial\\_review/how\\_fair\\_is\\_britain\\_ch12.pdf](http://www.equalityhumanrights.com/uploaded_files/triennial_review/how_fair_is_britain_ch12.pdf)

12 Wealth and Assets Survey, analysed in Ipsos MORI (2013) Disabled People and Financial Wellbeing

### Many disabled people live below the poverty line and the government's reforms mean many more are at risk

- 23% of households with a disabled member live below the poverty line, compared with 18% of households in the UK generally. (13) Four in ten (320,000) disabled children live in poverty. (14)
- One in ten disabled people (12%) are unable to keep their home adequately warm. (15)
- In total, 3.7 million disabled people are set to lose £28.3bn from cuts to disability benefits by 2018. (16)

“If the government took DLA [Disability Living Allowance] from me, or even reduced it, we would be on the poverty line and would very likely be homeless, as we could not pay our rent, bills, or debts, and be unable to buy food.” Jo

“If my benefits were reduced I would be immediately plunged into debt.”  
Martyn

### As a result, many disabled people are pessimistic about their financial future

- Pessimists outnumber optimists by nearly three to one, with 13% disabled people expecting their situation to get better and 36% expecting it to get worse.
- 60% of disabled people worry a lot about having enough money to get by in retirement, compared to less than half of non-disabled people (44%). (17)
- The pessimists say that the rising costs of living, inflation, higher prices, and higher bills, are the main threats to their future financial situation (39% cite these as reasons to be pessimistic).

“I worry about the future if I am left alone - I worry about coping on my own with my disability... I worry about being made homeless if I cannot manage financially.” Matthew

### And many are not prepared for the impact of further benefit changes

- Less than one in three (28%) disabled people are aware of the shift to Universal Credit
- One in six (15%) disabled people say they are not very or not at all confident managing their money.

“The changes in benefits etc. will be very confusing and I have no confidence in getting any advice with this in mind.” Ed

13 Sen A (2009) *The Idea of Justice*, London: Allen Lane

14 The Children's Society (2011) 4 in every 10 Disabled children living in poverty, [http://www.childrenssociety.org.uk/sites/default/files/tcs/4\\_in\\_10\\_reportfinal.pdf](http://www.childrenssociety.org.uk/sites/default/files/tcs/4_in_10_reportfinal.pdf)

15 Life Opportunities Survey, analysed in Ipsos MORI (2013): *Disabled People and Financial Wellbeing*

16 Guardian (2013) Welfare cuts will cost disabled people £28bn over five years, <http://www.guardian.co.uk/society/2013/mar/27/welfare-cuts-disabled-people>

17 Understanding Society, analysed in Ipsos MORI (2013) *Disabled People and Financial Wellbeing*

## Acknowledgements

This pamphlet is based on a programme of research, conducted by Ipsos MORI's Social Research Institute on behalf of Scope, which sought to explore the issues surrounding financial inclusion for disabled people. The primary research comprised a representative survey of 1,009 disabled adults aged 16+ which was carried out between 27 July and 10 August 2012 across Great Britain using a combination of the Ipsos Online Panel and three waves of Ipsos' weekly face-to-face omnibus survey, Capibus. This was complemented by secondary data analysis, which was conducted on the following large national surveys, with selected variables analysed by disabled and non-disabled respondents: Life Opportunities Survey; Understanding Society; Family Resources Survey; Wealth and Assets Survey; ONS Opinions and Lifestyle Survey; and Citizenship Survey.

For more details about this research, please see the report published at

[www.scope.org.uk/financial-wellbeing](http://www.scope.org.uk/financial-wellbeing)

The quotes used in this pamphlet are from Scope's 'Money Matters' survey conducted between 2009 and 2010. The survey looked at the financial experiences of disabled people and families with disabled children.