

# Client Outcomes during Covid-19

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# Foreword from Phil Andrew, Chief Executive

The findings of this latest report highlight why measuring client outcomes is vitally important for us as a charity. The results allow us to evaluate the value of our services and solutions by helping to evidence why debt advice matters. This is particularly important as we assess the additional difficulties experienced by clients since the beginning of the pandemic.

The insight from our Client Outcomes project makes an important contribution to the charity's strategy making processes and wider impact monitoring. The outcomes data we have gathered so far will contribute towards other insight and evaluation projects, particularly as we move towards modelling our wider Social Return on Investment.

The findings also highlight the importance of the policies and practices of other organisations, public bodies, regulators, and government in supporting our clients on their journey out of problem debt.

This report explores the outcomes reported by people seeking debt advice during the pandemic period (since March 2020). It finds a changed pattern of debt advice outcomes for people navigating through this vastly difficult economic landscape.

While the journeys after debt advice are shaped by clients' circumstances and experiences, the pandemic appears to have placed many clients on a different trajectory to the advice outcomes we have reported previously.

We will continue to measure client outcomes at three, nine and 15 months after debt advice. With upcoming regulatory changes such as the introduction of the FCA Consumer Duty, an increased cost of living, and the changing debt advice landscape, measuring the progress of people seeking help with problem debt will be more important than ever.



# Executive summary

The latest findings reveal that clients generally had better outcomes before the pandemic than during the pandemic:

## Three months after advice

- Before the pandemic, 58% of clients said their overall financial situation had become better. During the pandemic, this proportion fell to 51%
- Before the pandemic, 16% of clients seeking advice reported having to use credit since debt advice; this is compared to one in five (21%) of clients during the pandemic
- During the pandemic two in five (39%) clients said their overall financial situation had been made worse by the impact of Covid-19
- Clients impacted by Covid-19 were more likely to have negative budgets and reported lower levels of progress three months after advice
- Before the pandemic, clients recorded an average life satisfaction score of 5.81/10; during the pandemic, this fell to 5.36/10

However, the **findings at nine months after advice** show a change in trajectory of outcomes during the pandemic. Client outcomes were more positive than before the pandemic across several different metrics:

## Nine months after advice

- Before the pandemic, 65% of clients reported being able to make ends meet either every month or most months. During the pandemic, this increased to 78%
- Before the pandemic, clients recorded an average financial security score of 4.5/10. During the pandemic this increased to 5.3/10
- Before the pandemic, 72% of clients who sought advice said they're confident they'll be able to make ends meet in the next six months. This is compared to 78% of clients during the pandemic

However, not all client outcomes were more positive **by nine months after advice**. There are still some areas of concern:

- A similar proportion of pre-pandemic clients (34%) and clients during the pandemic (31%) were behind on household bills nine months after advice
- A similar proportion of clients both before (22%) and during (24%) the pandemic had used credit nine months after debt advice



# Previous reports



The charity's first report, '**Measuring Client Outcomes**', published in 2019, explored the outcomes of clients three months after advice. It focused on the experience of clients with different budget surplus and deficit levels<sup>1</sup>, and those with additional vulnerabilities.

The second report, '**Paths to Recovery**', published in 2020, explored the experience of clients 15 months after advice. This report also focused on the experience of clients with additional vulnerabilities, and clients with negative budgets.

## Based on responses in the Client Outcomes surveys, these reports found:

- Debt advice had a positive impact on most clients' overall financial situations after advice
- At 15 months after advice, 75% of clients were already debt free, or rated their chance of becoming debt free in future as at least 'fair'
- At 15 months after advice, three quarters (74%) of clients reported being able to make ends meet most months or every month
- At 15 months after advice, 86% of clients said advice and support from StepChange had helped their progress towards becoming debt free
- Vulnerability and budget surplus position at the time of advice were key drivers of client outcomes up to 15 months after debt advice
- For clients with negative budgets<sup>2</sup> at the time of advice, the road to financial recovery was longer and more difficult. Having a negative budget was a driver of worse client outcomes at three, nine and 15 months after debt advice

The previous report, 'Paths to Recovery', was published in March 2020, just weeks before the implementation of the first UK-wide lockdown due to the Covid-19 pandemic. Therefore, these latest findings offer a perspective which enables us to compare the outcomes of clients who first sought advice before and during the Covid-19 pandemic.

Existing StepChange research highlights the negative impact of the pandemic on UK households. In the first 10 months of the pandemic alone, 19.2m people (38% of British adults) faced a loss of income because of the pandemic, and 11 million people built up £25 billion worth of debts and arrears.<sup>3</sup>

However, conversely, for StepChange and other debt advice providers, the number of clients seeking full debt advice has been substantially lower during the pandemic compared to previous years; a trend which continued up to the end of 2021.

During the pandemic, government support measures such as the furlough scheme, suspending enforcement action and evictions, and the £20 weekly uplift to Universal Credit payments may have helped many people in financial difficulty avoid or delay needing debt advice. Other studies also suggest that mortgage and credit payment deferrals delayed the need for advice among some people during the earlier stages of the pandemic.<sup>4</sup>

Although the volume of new clients has been lower, the key demographics and debt characteristics among StepChange's new client population have remained similar during the pandemic<sup>5</sup>, with younger clients, women and renters continuing to be over-represented among those who require full debt advice.<sup>6</sup> StepChange research highlights how many of these demographic groups in the wider UK population have also been adversely negatively impacted financially over the course of the pandemic.<sup>7</sup>

<sup>1</sup> 'Surplus' is the amount of money left at the end of each month after clients have completed StepChange Debt Charity's debt advice and budgeting process

<sup>2</sup> A 'negative budget' describes where a client's expenditure is greater than their income after proceeding through StepChange's advice and budgeting process

<sup>3</sup> StepChange Debt Charity (2021) Covid Debt Rescue

<sup>4</sup> FCA (2020) Financial Lives

<sup>5</sup> StepChange Debt Charity (2021) Client data report: September 2021

<sup>6</sup> StepChange Debt Charity (2021) Client data report: September 2021

<sup>7</sup> StepChange Debt Charity (2021) Stormy weather: The impact of the Covid-19 pandemic on financial difficulty in January 2021

# Research questions

The latest client outcomes findings allow us to understand more about how StepChange clients have coped and progressed through a different economic landscape during the pandemic.



This latest report will explore the following research questions:

**1** What are the key differences in outcomes between clients who first sought advice before the pandemic compared to clients who sought advice during the pandemic?

The first two reports emphasised the impact of drivers such as budget surplus and progress with debts on client outcomes. Therefore, this latest report will also investigate:

**2** Are client outcomes after advice still conditioned by key drivers such as budget surplus and deficit levels?

Measuring wellbeing has always formed a key part of this evaluation programme. Previous findings have emphasised that the impact of debt advice stretches beyond clients' financial situations. Therefore, this report will also explore:

**3** How has client wellbeing changed during the pandemic?

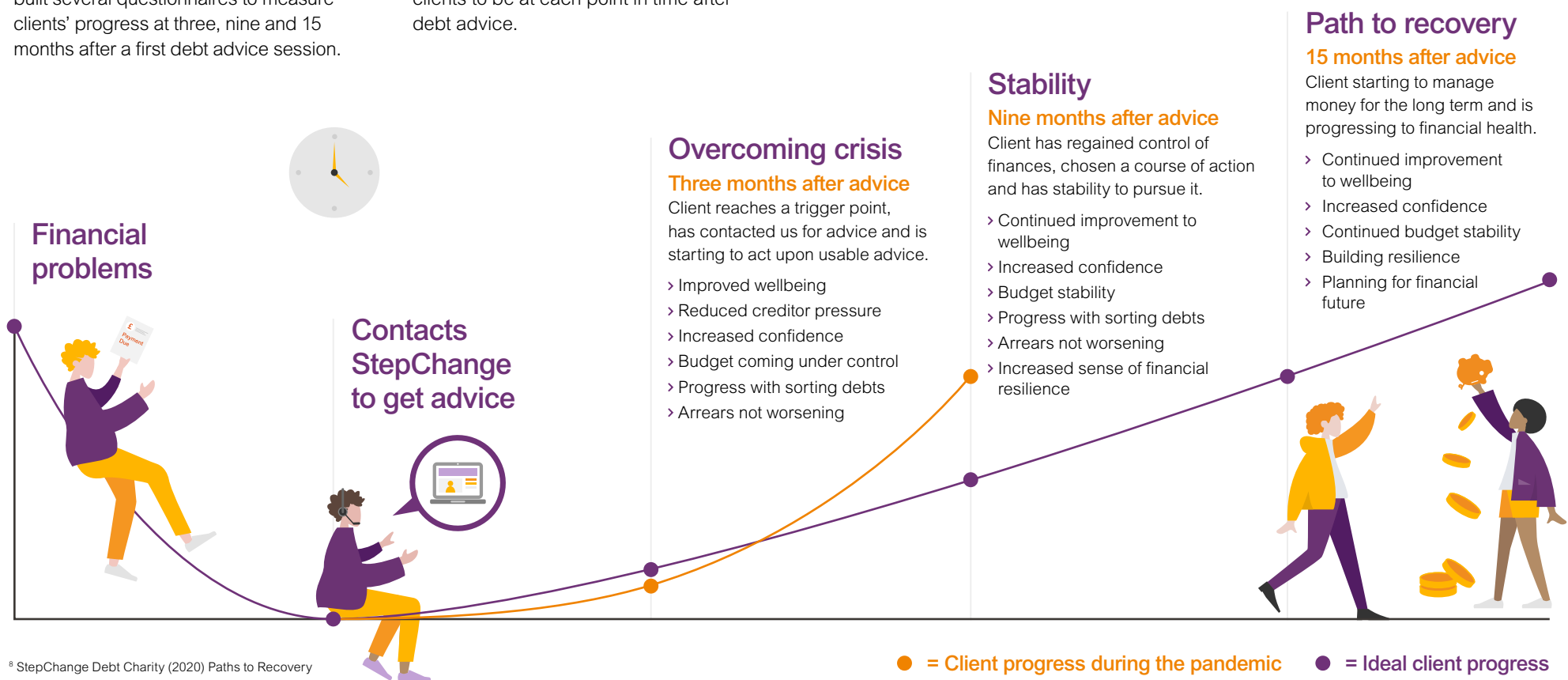
# Theory of change

To effectively understand the different outcomes of clients, the charity developed an outline 'theory of change' which sets out an idealised expectation of clients' progress from debt crisis (at three months after advice) to stability (at nine months after advice) and then onwards towards financial health (at 15 months after advice). From this, we built several questionnaires to measure clients' progress at three, nine and 15 months after a first debt advice session.

Although this theory of change may suggest that we have high expectations of clients' progress, we do not necessarily expect all clients to achieve this. Clients have unique circumstances and experiences before, during and after advice which shapes their ability to progress. Instead, these measures are a benchmark for where we would hope clients to be at each point in time after debt advice.

However, regardless of circumstances, previous reports have highlighted that for most clients, moving from problem debt to a stable sense of financial health and resilience is a marathon rather than a sprint.<sup>8</sup> The latest findings in this report emphasise this is still the case.

Although for many clients who sought advice during the pandemic, the path looks more difficult at three months after advice, before improving at nine months after advice.



<sup>8</sup> StepChange Debt Charity (2020) Paths to Recovery

# Similar clients, different outcomes

Clients who completed client outcomes surveys during the pandemic generally had similar average (mean) net income levels, average (mean) budget surplus levels, and a similar proportion had a negative budget compared to clients before the pandemic:

## Among all clients completing a survey at three months after debt advice

↓	Average (mean) net monthly income	Average (mean) monthly surplus level <sup>9</sup>	Proportion of clients with a negative budget <sup>10</sup>
Pre-pandemic	£1,396	£25	36%
During the pandemic	£1,383	£18	37%

Income and surplus amounts are recorded at debt advice

Among clients who took part in surveys at nine months after advice, the average monthly budget surplus and deficit levels are also similar.

For example, before the pandemic, 32% of clients who took part in a nine month survey had a negative budget at the time of advice. This is compared to 34% during the pandemic.

- The average (mean) monthly budget deficit among clients with negative budgets (who took part in client outcomes surveys) also remained similar before (-£289) and during the pandemic (-£302) at three months after advice
- However, for clients at nine months after advice, those with negative budgets had substantially larger monthly deficit amounts recorded at advice during the pandemic (-£247) than before the pandemic (-£115).

<sup>9</sup> 'Surplus' is the amount of money left at the end of each month after clients have completed StepChange Debt Charity's debt advice and budgeting process

<sup>10</sup> A 'negative budget' describes where a client's expenditure is greater than their income after proceeding through StepChange's advice and budgeting process Debt Charity's debt advice and budgeting process

## Vulnerable clients

Despite many similarities in financial situation, an increased proportion of clients responding to the surveys had an additional vulnerability to their financial difficulty (56% at three months) during the pandemic compared to before the pandemic (27% at three months).

However, this mirrors an increase in the proportion of clients in StepChange's overall client population with a recorded vulnerability. Over recent years, the charity has improved its ability to identify and better support clients with additional vulnerabilities.

Types of 'vulnerability' include physical health conditions, mental health conditions, learning disabilities, sight or hearing difficulties and other situations which can make dealing with problem debt particularly difficult.





# Outcomes three months after advice are worse

## Progress towards becoming debt free

### Clients during the pandemic were less likely to report improvements in their overall financial situations at three months after advice:

- Before the pandemic, 58% of clients said their overall financial situation had become better at three months after advice
- During the pandemic, this proportion has fallen to 51% (who said their financial situation is better)

### Clients during the pandemic were also less likely to report making progress towards their debts at three months after advice:

- Before the pandemic, three quarters (75%) of new clients said they had made at least some progress at three months after advice

- Comparably during the pandemic, only around two thirds (67%) of clients said they had made at least some progress towards their debts at three months after advice

### During the pandemic, budget surplus levels continued to drive outcomes at three months after advice:

- Before the pandemic, almost half (47%) of clients with negative budgets said their situations had become better by three months after advice. Comparably, just 36% of clients with negative budgets during the pandemic said the same
- A similar proportion of clients with positive budgets reported overall improvements to their financial situation before the pandemic (64%) and during the pandemic (61%)

There are some differences between clients who said they were financially affected by Covid-19 and other survey respondents<sup>11</sup>.

### For example:

- 49% of clients with negative budgets said they'd been affected by Covid-19. Comparably, 32% of clients with a positive budget at the time of advice cite their financial situation being affected by Covid-19
- Just 38% of clients affected by Covid-19 report their financial situation was better at three months after advice. This compares to 59% of clients who hadn't seen their financial situation affected by Covid-19
- 60% of clients whose financial situations were affected by Covid-19 reported some level of progress compared to 72% of those who did not feel Covid-19 impacted their financial situation

### Alongside Covid-19, other factors also affected clients up to three months after advice:

- One quarter (25%) had experienced an onset of health problems, or existing health problems getting worse between advice and three months after advice
- One quarter (24%) had experienced a big change in their financial situation such as a drop in income, a rise in living costs, or cuts in benefits
- 21% had experienced letters or phone calls from creditors asking for higher debt payments. 30% of clients who were recommended a DMP said this had happened

## Clients financially affected by Covid-19 during the pandemic

During the pandemic, clients were asked whether their financial situation had been affected by Covid-19. This is self-reported and could be due to health, economic or employment related reasons.

Across all surveys conducted at three months after advice during the pandemic, two in five (39%) clients say they have been affected by the financial impact of Covid-19.

<sup>11</sup> This only includes clients who took part in a three-month client outcomes survey during the pandemic

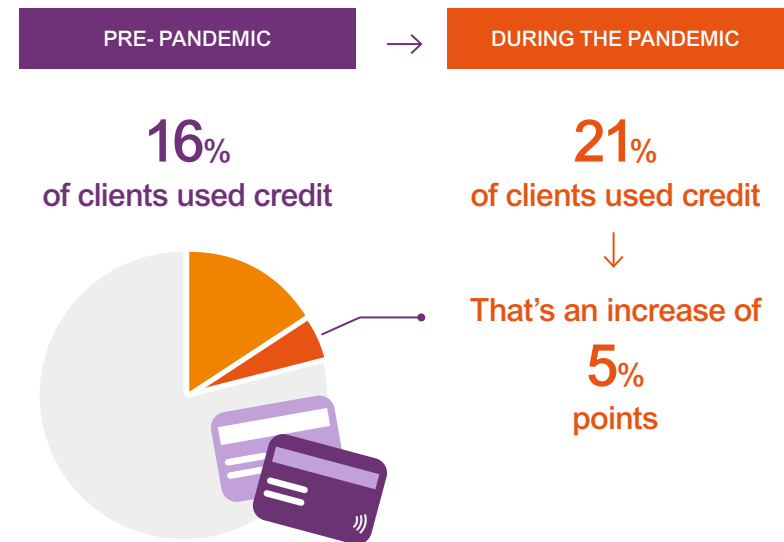
### Credit use

At three months after advice, our theory of change anticipates that few clients would be continuing to use credit for reasons such as covering day-to-day costs and paying for unexpected or urgent expenses. However, the results continue to show this is not always the case.

Before the pandemic, just 16% of clients used credit up to three months after advice.

During the pandemic, this increased to around one in five (21%) clients:

- Before the pandemic, 15% of clients with a positive budget had used credit by three months after advice compared to 21% of clients with negative budgets
- This picture is similar during the pandemic: 19% of clients with a positive budget at advice say they've used credit by three months after advice. Among clients with a negative budget, 23% had used credit

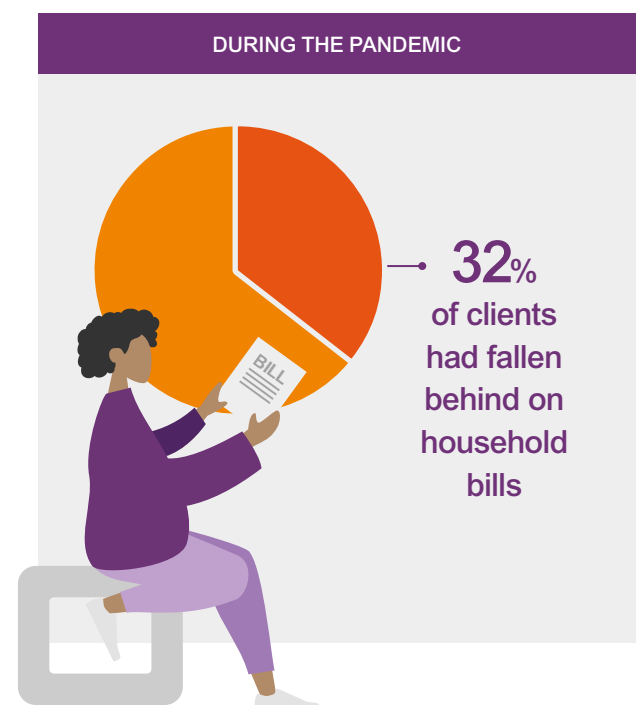


### Household bills

- Before the pandemic, 28% of clients had fallen behind on bills at three months after advice
- Around one third (32%) of clients during the pandemic had fallen behind on household bills at three months after advice
- More clients who were impacted by Covid-19 had fallen behind or further behind on bills (43%) compared to all clients during the pandemic (32%)

Proportion of clients behind on arrears at three months after advice

Bill type	Pre-pandemic	During the pandemic
Council tax	15%	17%
Gas	9%	11%
Electricity	10%	13%
Water	13%	15%
Rent	13%	15%
Mortgage	6%	9%
TV license	10%	11%



## Referrals

Many clients who receive full debt advice also require assistance with additional issues. The charity often refers clients to specialist organisations who can help further with issues relating to physical or mental health conditions, addiction, domestic abuse and other circumstances.

Among clients who received full debt advice and were referred to another organisation for support with a separate issue, those who sought advice during the pandemic were more likely to say they have received the help they needed (47%) compared to those who sought advice before the pandemic (35%):

### Referrals outcomes at three months after advice

Referrals	Pre-pandemic	During the pandemic
% of new clients referred to a third party organisation at advice	15%	14%
Among those referred, % who had contacted the referral organisation	58%	59%
Among those referred, % who are planning on contacting the referral organisation	17%	20%
Among those referred, % who received help from the referral organisation	35%	47%

Clients who said they received help from another organisation for a separate issue are overwhelmingly likely to have made at least a fair amount of progress towards dealing with their debts by three months after advice:

### PRE-PANDEMIC



who were referred to another organisation for help had made at least fair progress towards their debts

### DURING THE PANDEMIC



who were referred to another organisation for help said the same

## Chapter summary

Clients who sought advice before the pandemic tended to have better outcomes at three months after advice, suggesting that the initial emergency phase of dealing with problem debt was more difficult during the pandemic.

Worse outcomes appear to be more acutely experienced among clients financially affected by Covid-19.

However, as was the case before the pandemic, the same factors such as being in a negative budget or being able to make better progress with debts continued to drive client outcomes at three months after advice.



# Outcomes are better nine months after advice

At nine months after advice, we measure whether a client has been able to regain control of their finances, chosen a course of action, and has the stability to pursue it. The nine-month questionnaires also measure whether clients' financial situations and sense of wellbeing has changed since three months after advice.

## Clients who sought advice during the pandemic are better able to make ends meet

At nine months after advice, clients' are generally better able to make ends meet:

Before the pandemic, 65% of clients reported being able to make ends meet either every month or most months. Comparably, 78% of clients said the same during the pandemic.

In the past six months, how often were you able to make ends meet? (nine months after advice)

↓	Pre-pandemic	During the pandemic
Every month	27%	38%
Most months	38%	40%
Only some months	23%	11%
I have not been able to make ends meet	12%	11%

However, a client's budget surplus or deficit level continues to be a driver of a client's ability to make ends meet at nine months:

Before the pandemic, 71% of clients with a positive budget at the time of advice said they were able to make ends meet either every month or most months. This compares to 85% of clients with a positive budget who sought advice during the pandemic.

Among negative budget clients who sought advice before the pandemic, 54% said they were able to make ends meet every or most months. 63% of negative budget clients seeking advice during the pandemic said the same.



## Improved confidence in making ends meet during the pandemic

At nine months after advice, confidence among those who sought advice during the pandemic appears to be higher than those who sought advice before the pandemic:

**72%**  
of clients who sought advice before the pandemic were confident they'd be able to make ends meet in the next six months

**78%**  
of clients who first sought advice during the pandemic said the same

## More stable situations

Clients who sought advice during the pandemic also reported slightly higher levels of financial security at nine months after advice (5.3/10) compared to those who sought advice before the pandemic (4.5/10).

Clients who sought advice during the pandemic were also less likely to require further support from StepChange for debt related issues:

Before the pandemic, 45% of clients had contacted StepChange for further support or advice between three and nine months after advice. Comparably, just one third (34%) of clients during the pandemic said the same.

Additionally, between three and nine months after advice, clients before the pandemic were more likely (27%) to need support from StepChange with issues relating to creditors or debt collectors than during the pandemic (21%).

## Similar levels of improvement in financial situation

Despite improvements across other scores, some outcomes have remained similar.

For example:

Before the pandemic, 47% of clients said their financial situations were better at nine months than three months; 48% of clients who sought advice during the pandemic said the same.

## Financial resilience

Clients who sought advice before the pandemic report similar scores on outcomes related to financial resilience.

For example:

At nine months after advice, around half of clients who sought advice either before the pandemic (49%), or during the pandemic (50%) agree they've been able to save up money for future costs that they might need to budget for.

Additionally, a similar proportion of clients before the pandemic (83%) and during the pandemic (84%) agree that they're able to adjust their spending if their income changes at nine months after advice.



## Clients are still falling into arrears and using credit

Outcomes at nine months are not universally more positive during the pandemic; many clients still report being behind on household bills or having used credit:

- A similar proportion of clients were behind on household bills at nine months after advice before the pandemic (34%) and during the pandemic (31%)
- Similar proportions of clients both before (22%) and during (24%) the pandemic had used credit after debt advice
- Clients with negative budgets during the pandemic (36%) were more likely to have used credit than clients before the pandemic (29%). This includes all types of borrowing.



## Clients whose financial situations were affected by Covid-19 report worse outcomes

Clients who said their financial situations were affected by Covid-19 continued to have worse outcomes at nine months across a range of different measures.

For example, at nine months after advice:

- 57% of clients who were affected financially by Covid-19 said they could make ends meet every month or some months. This is compared to 78% of all clients during the pandemic
- Just one in five (23%) said their overall financial situation was better at nine months after advice than three months after advice. This is compared to 48% of all clients during the pandemic
- Clients affected by Covid-19 scored an average financial security score of 4.2/10 (the average among all clients during the pandemic is 5.3/10).



## Chapter summary

Across many measures at nine months, clients during the pandemic have been in a better position to bounce back after experiencing financial difficulty.

By nine months after advice, a majority of clients are in a better position to make ends meet, more confident looking ahead and more likely to feel financially secure.

However, outcomes are not universally improved across all measures, and there are still many areas for concern. A significant proportion of clients are behind on household bills and have used credit for everyday costs or to cover an unexpected expense.

Additionally, budget surplus levels recorded at debt advice continued to impact clients at nine months after advice.

For example, during the pandemic, clients with negative budgets at the time of advice were still more likely than clients with positive budgets to use credit and were less likely to be able to make ends meet.

Clients with financial situations affected by Covid-19 were also less likely to make progress with their debts; this group reported being less able to make ends meet and lower levels of financial security.

# Wellbeing



Client wellbeing is an important aspect of the Client Outcomes project, highlighting that the impact of debt advice extends beyond a client's ability to make progress with their debts and overall financial situation.

As part of measuring client wellbeing, we utilise the Office for National Statistics' wellbeing methodology to estimate clients' life satisfaction, feeling that the things done in life are worthwhile, happiness and anxiety<sup>12</sup>. Since the start of our client outcomes measurement work, the average wellbeing scores among StepChange clients have been lower than the wider UK population at three and nine months after debt advice; a trend which continued during the pandemic.

The latest results find that at three months after advice, self-reported wellbeing tends to be lower among clients who sought advice during the pandemic compared to those who sought advice before the pandemic. However, this follows a similar trend to wider UK population statistics.

Among UK adults in the general population, average life satisfaction between April 2019 and March 2020 was 7.66/10. Between April 2020 and March 2021, this fell to an average of 7.39. All client scores apart from happiness follow this direction of travel. Clients recorded higher levels of happiness during the pandemic, which is slightly counterintuitive.

## ONS wellbeing scores: Three months after advice

↓	Average score before the pandemic	Average score during the pandemic	UK average April 2020-March 2021 <sup>13</sup>
Overall, how satisfied are you with your life nowadays?	5.81	5.36	7.39
Overall, to what extent do you think the things you do in your life are worthwhile?	6.24	5.57	7.71
Overall, how happy did you feel yesterday?	4.66	5.34	7.31
Overall, how anxious did you feel yesterday? <sup>14</sup>	4.82	4.94	3.31

As with findings in previous reports, clients who reported better progress at three months were also more likely to report better overall wellbeing. For example, among clients who first sought advice during the pandemic:

- Clients who said their debts were completely sorted out at three months after debt advice scored an average of 7.76 for life satisfaction; this is higher than the UK population wellbeing average (7.39)
- Clients who recorded "little progress" with their debts had an average score of 3.63, and clients who recorded "no progress" recorded an average score of 2.37 for life satisfaction



<sup>12</sup> Office for National Statistics (2021) Personal well-being in the UK, quarterly: April 2011 to June 2021

<sup>13</sup> Office for National Statistics (2021) Personal well-being in the UK, quarterly: April 2011 to June 2021

<sup>14</sup> Scores for questions relating to life satisfaction, things in life being worthwhile and happiness are measured on a scale of 0 – 10, where 0 denotes a negative score and 10 a positive score. In the anxiety score 0 denotes a positive score (not at all anxious), and 10 denotes a negative score (very anxious).



Client wellbeing scores at nine months after advice also follow a similar pattern to three months, with the scores recorded since the start of the pandemic being more negative than before the pandemic.

ONS wellbeing scores: Nine months after advice

↓	Average score before the pandemic	Average score during the pandemic	UK average April 2020-March 2021 <sup>15</sup>
Overall, how satisfied are you with your life nowadays?	5.46	5.30	7.39
Overall, to what extent do you think the things you do in your life are worthwhile?	5.96	5.67	7.71
Overall, how happy did you feel yesterday?	5.6	5.41	7.31
Overall, how anxious did you feel yesterday?	4.46	4.60	3.31

Before the pandemic, average life satisfaction tended to fall between three and nine months after advice. However, during the pandemic the average wellbeing scores were relatively consistent at three and nine months after advice:

During the pandemic, the average life satisfaction scores among all clients was 5.36 at three months. This only fell slightly 5.30 at nine months after advice.

However, clients who reported good levels of progress with their debts at three months recorded lower wellbeing levels by nine months after advice.

For example:

During the pandemic, clients who say their debt problems are sorted out or have made a lot of progress have an average life satisfaction score of 7.66/10 at three months after advice. The same group of clients at nine months after advice recorded an average (mean) life satisfaction score of 5.88/10.

This is a similar trend as before the pandemic. Clients who had become debt free or made a lot of progress recorded an average score of 7.20/10 at three months, and 6.39/10 at nine months after advice.

Other wellbeing measures

Other wellbeing scores captured among new clients during the pandemic are generally more negative compared to clients who sought advice before the pandemic.

For example:

Among clients at three months after advice, 47% of clients before the pandemic say they are able to sleep better (than before they sought advice). During the pandemic, this decreased to 35%.

Among clients who sought advice before the pandemic, 54% say they feel better able to deal with day-to-day life at three months after advice. 42% of clients during the pandemic said the same.



<sup>15</sup> Office for National Statistics (2021) Personal well-being in the UK, quarterly: April 2011 to June 2021



## Clients affected by Covid-19

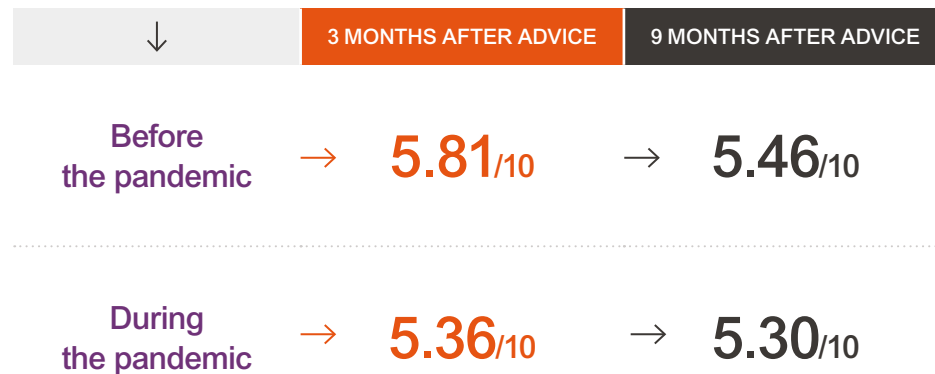
Alongside other outcomes scores, clients whose financial situations have been impacted by Covid-19 reported worse wellbeing scores at both three and nine months after advice.

- At three months after advice, just one third (34%) of clients financially affected by Covid-19 reported being better able to deal with day-to-day life at three months after advice
- This is compared to almost half (47%) of clients whose financial situations had not been impacted by Covid-19

Additionally, mirroring findings among the UK general population more widely<sup>16</sup>, clients financially impacted by Covid-19 also reported more negative life satisfaction scores:

- At three months after advice, clients financially affected by Covid-19 reported an average score of 4.58/10 for life satisfaction (average for all clients during the pandemic at three months was 5.36/10)

### Average life satisfaction (all clients completing a client outcomes survey)



## Chapter summary

Average client wellbeing scores during the pandemic are unsurprisingly worse than before the pandemic. This emphasises the effect of the pandemic upon new clients and society more widely, as evidenced in wider UK population statistics.<sup>17</sup>

This is even further emphasised by the sub-group of client whose financial situations have been affected by Covid-19; these clients score particularly badly compared to the average for all clients up to nine months after advice across many wellbeing measures.

However, the overall improvement in outcomes during the pandemic at nine months is reflected in the wellbeing scores. Instead of falling, the average wellbeing scores between three and nine months remained relatively consistent, which highlights the difference in trajectory after debt advice experienced by more recent clients.



<sup>16</sup> ONS (2021) Personal well-being in the UK, quarterly: April 2011 to June 2021

<sup>17</sup> ONS (2021) Personal well-being in the UK, quarterly: April 2011 to June 2021

# Conclusion



The findings in this report highlight that clients who sought advice before the pandemic followed a different trajectory in terms of progress after debt advice compared to clients who sought advice before the pandemic

## Three months after advice

Clients during the pandemic reported being less likely to make progress, were more likely to use credit and less likely to report improvements in their overall financial situation compared to clients before the pandemic.

Clients during the pandemic also reported being affected by income shocks and life events, including two in five (39%) who were financially impacted by Covid-19.

Although government support measures such as the £20 uplift and furlough payments had potentially prevented or delayed those at risk of financial difficulty from requiring full debt advice, the outcomes scores at three months suggest that clients who did require debt advice found it more difficult to recover from the emergency phase of their financial difficulty.

However, results at nine months showed improvements in scores among clients during the pandemic across several outcomes measures.

## Nine months after advice

Clients during the pandemic were more likely than clients before the pandemic to say they could make ends meet and reported higher levels of financial security.

The results at nine months suggest a much steeper improvement in outcomes between three and nine months among clients during the pandemic. Although these clients may have found the initial emergency phase of dealing with problem debt additionally difficult, they are able to make progress towards stability more quickly.

However, a high proportion of clients before and during the pandemic are still likely to have used credit or fallen behind on household bills up to nine months after advice. Therefore, although outcomes are improved, there are still many areas to address.

## Key drivers of outcomes

### **Budget surplus position at the time of advice continues to affect the outcomes of clients.**

Clients with a negative budget at the time of advice are more likely than clients with positive budgets to report worse outcomes at the three and nine month stages. This is a consistent finding both before and during the pandemic.

However, clients with negative budgets during the pandemic recorded lower average monthly budget deficit levels at nine months after advice. This may be a driver of worse outcomes among this client group, for example being more likely to use credit.

Clients whose financial situations have been affected by Covid-19 also reported more negative outcomes across three and nine months after advice compared to scores among all clients.

These clients were less likely to report progress with their financial situations at three months, less likely to report improvements in their financial situations at nine months, and less likely to report being able to make ends meet.

## Decrease in wellbeing during the pandemic

**Wellbeing had decreased during the pandemic across several measures at three and nine months after advice**

The wellbeing findings reflect a similar pattern to the wider UK population, however, the scores once again highlight the close link between progress with debts and wellbeing.

Clients who report better progress are likely to also report higher wellbeing scores than the average for all clients at three and nine months after advice.

Existing evidence has suggested the negative impact that low wellbeing can have on financial decision making<sup>18</sup>.

These latest outcomes results therefore highlight the relationship between worse progress with debts and lower wellbeing scores, which can in turn negatively impact a client's ability to deal with their problem debt.

## What next?

Some of these key differences can be explained by financial characteristics of clients at the point of debt advice, however other external factors pose more difficult questions.

We know from existing research that many households faced difficulty during the pandemic because of factors such as reduced incomes, unemployment, however these are common income shocks which have long been experienced by our clients, including before the pandemic.

Therefore, the finer details around what made clients' financial situations particularly challenging during the pandemic are not entirely clear.

Additionally, further research is required to understand why outcomes at nine months substantially increased.

We also aim to incorporate data about outcomes at 15 months after advice when sufficient sample sizes are available for analysis.

It's important for us to explore which measures from policy, regulation or advice have most effectively supported clients during the pandemic, particularly in a turbulent economic environment as experienced over the past two years.

The outcomes measurement tell us an important part of this story, however understanding how support can be improved to help clients towards a place of financial health and stability is crucial.

<sup>18</sup> Mind (2021) Money and Mental Health

## Methodology

Data for this project is captured through an online survey software tool. Invitations were sent to a random sample of our clients via email.

The sample aims to be representative of the StepChange client new client population at the time of advice. A new three-month survey is sent to a new group of clients each quarter.

The data in this report is predominantly focused on clients who first completed a full debt advice session since the beginning of the Covid-19 pandemic in March 2020. The first survey completed during the pandemic took place in June 2020. This report also includes comparisons to all clients who have taken part in at least one survey since the project began in 2017.

Client Outcomes survey



## Sample sizes

We send an invitation to complete a Client Outcomes survey to a random representative sample of clients who first completed advice either through the charity's telephony channel or online debt advice channel.

The fieldwork for the surveys conducted during the pandemic was conducted between June 2020 and September 2021.

There are too few clients to draw upon the experience of clients during the pandemic at 15 months after debt advice.

The sample sizes are as follows:

### Three months after advice

- Before the pandemic (Fieldwork completed before March 2020): **3,066**
- During the pandemic (Fieldwork completed June 2020 – September 2021): **995**

### Nine months after advice

- Before the pandemic: **839**
- During the pandemic: **143**

### 15 months after advice (not used in this data set)

- Before the pandemic: **249**
- During the pandemic: **29**  
(sample size too small to use in isolation)

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For more information, visit the [StepChange Debt Charity website](#).

For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our [online debt advice tool](#).

**Get in touch:**



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