

Navigating through the cost of living crisis and beyond

July 2026 Analysis Paper

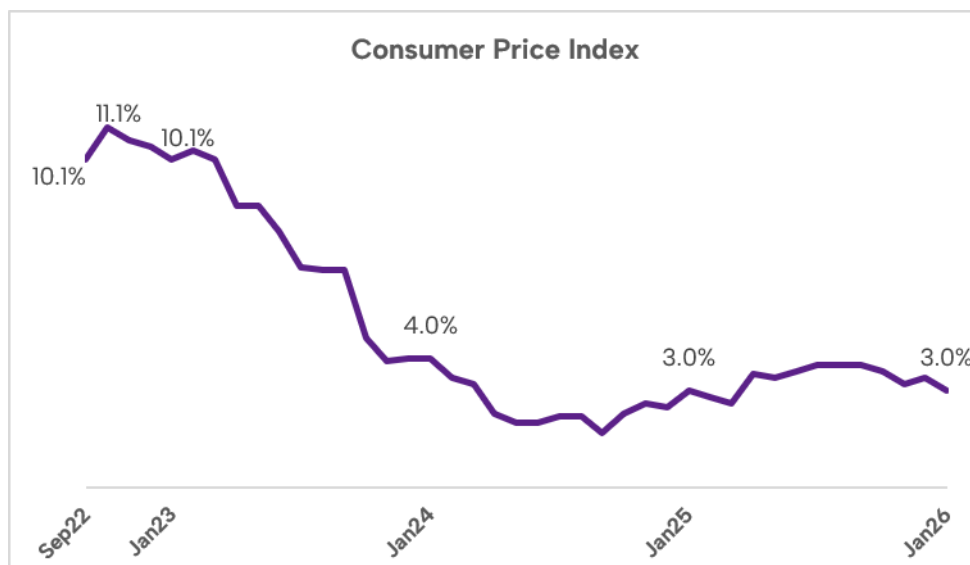


Background

Research among the UK general population. Results to January 2026.

Since September 2022, StepChange has commissioned YouGov to conduct research to better understand how the cost of living is affecting the wider UK population.

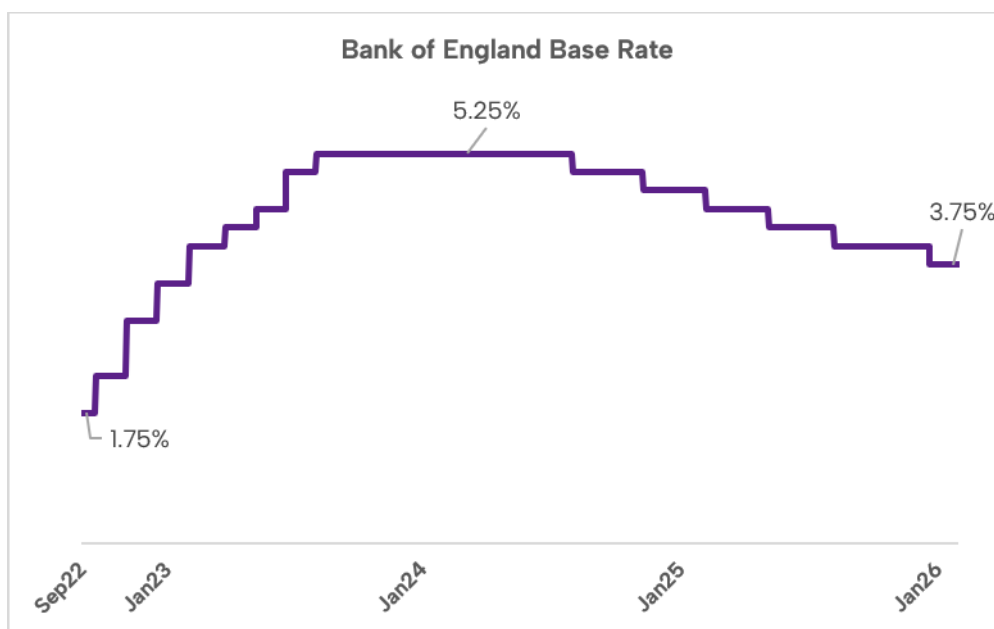
This polling was first commissioned in the context of rapid economic change during the emerging ‘cost of living crisis’. This refers to a period of significant inflationary pressure, impacting the cost of everyday essentials including food and energy. The below graph illustrates the Consumer Price Index (CPI)¹, a key measure of inflation, from September 2022 to January 2026, in line with the polling period that this report covers:



¹ Office for National Statistics, Consumer price inflation time series, <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

The above graph demonstrates a period of high inflation from September 2022 to January 2026. Throughout the period shown, inflation² was above the target rate of 2%³. In September 2022, inflation was 10.1%. At its peak in October 2022, inflation rose by a further one percentage point to 11.1%. In January 2026, when the last round of this polling was conducted, inflation sat at 3%, which is one percentage point higher than the target rate.

People across the UK have faced challenging economic circumstances in the past few years due to these inflationary pressures, and the resulting impacts on interest rates. The below graph illustrates changes in the Bank of England base rates from September 2022 to January 2026⁴, in line with the polling period that this report covers:



The above graph illustrates how interest rates rose rapidly by over four percentage points from 1.75% in September 2022, to a peak of 5.25%. By January 2026, whilst interest rates had fallen

² Bank of England, Inflation and the 2% target, <https://www.bankofengland.co.uk/monetary-policy/inflation>

³ The Government has set the Bank of England a target rate of 2% for inflation. To achieve this, the BoE can use various tools as they set and review monetary policy.

⁴ Bank of England, Interest Rates and Bank Rate: our latest decision, <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>

by almost two percentage points to 3.75%, they remained higher than pre-September 2022 levels. These shifts represent monetary policy decisions to manage fast-moving changes in the rate of inflation. However, increased interest rates raise the cost of borrowing and can therefore greatly increase the pressure on those who hold forms of debt.

Our client data highlights the impact of increased cost of living on those seeking debt advice. For example, in [our client data](#) we have found⁵:

- During the timescale of this polling, a significant proportion of clients have given 'cost of living increase' as their main reason for debt. This reached a peak of one in four (25%) clients in 2023. In 2025, one in six (18%) clients gave 'cost of living increase' as their main reason for debt. In 2021⁶, only 6% of clients gave this as their main reason for debt.
- There are shifts in the demographics of clients seeking debt advice with StepChange. For example, more clients are in full time employment and have higher income backgrounds. Between 2024 and 2025, the average (both mean and median) monthly income of clients has increased by 6%.
- In 2025, 44% of StepChange clients were in full-time employment. This is an increase of two percentage points versus 2023 (42%).
- The average (mean) arrears and unsecured debt⁷ amount per client increased by 10% between 2024 (£17,936) and 2025 (£19,701).

StepChange client data provides rich insights into the complex realities of those in need of debt advice, however, it is of further interest to contextualise the trends we see from our clients against those in the UK population more widely. Between September 2022 and January 2026, we have completed eleven waves of polling to understand the cost-of-living pressures impacting UK adults.

⁵ 2025 client data figures: Statistics Yearbook 2025, StepChange Debt Charity, <https://www.stepchange.org/policy-and-research/2025-personal-debt-statistics.aspx>

⁶ Statistics Yearbook 2021, StepChange Debt Charity, <https://www.stepchange.org/policy-and-research/2021-personal-debt-statistics.aspx>

NOTE: Our methodology has changed from historic versions of the Statistics Yearbook, however this percentage aligns with our updated data.

⁷ Unsecured debts account for all debts recorded at the time of advice, other than arrears on essential household bills, such as council tax, utility bills and rent, and secured lending against a property

This report highlights the most recent set of results, from January 2026 polling. These results will be contextualised and compared to prior waves to highlight the changing position of UK adults' personal finances over time. This comparative approach will also help to demonstrate the different ways that people have navigated a complex and challenging period in the UK economy, including the various coping mechanisms used to deal with increased costs associated with higher inflation and higher interest rates.

This report will focus on findings on four cost of living tracking questions at a total population level. We have asked these questions in each wave of polling since September 2022.

Methodology

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,179 adults. Fieldwork was undertaken between 19th – 20th January 2026. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+)

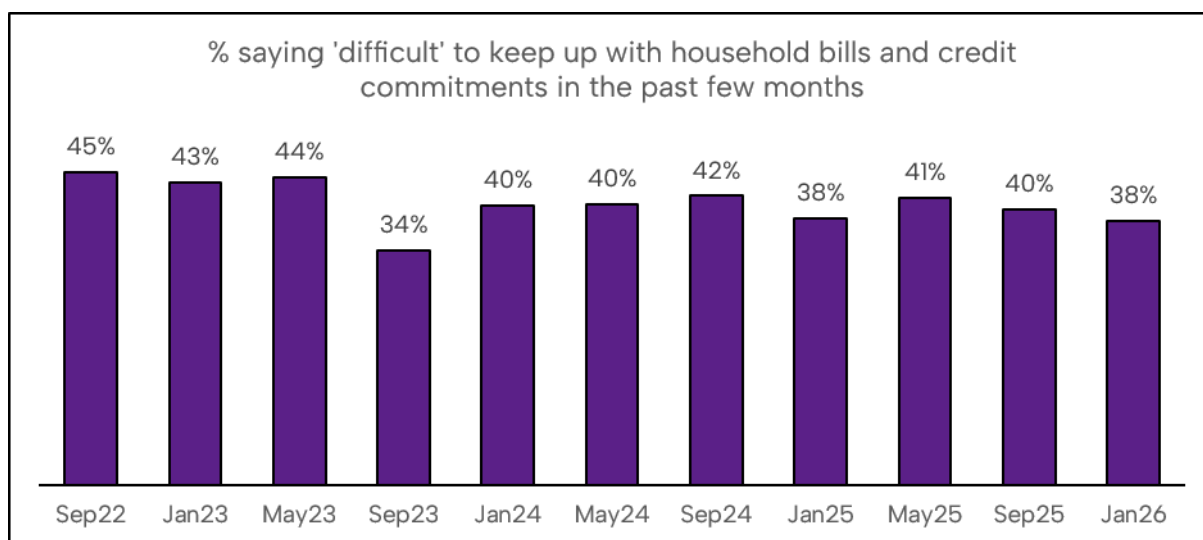
Cost of living tracking questions

This research asks four main tracking questions which aims to understand:

- How easy or difficult people have found it to keep up with household bills and credit commitments
- The proportion of UK adults who are showing signs of financial difficulty, or problem debt
- Which negative coping mechanisms households have taken to keep up with credit repayments
- Which household bills have people fallen behind on

Results

Q1. How easy or difficult have you found it to keep up with household bills and credit commitments in the last few months?



The proportion of UK adults saying they find it ‘fairly difficult’ or ‘very difficult’ to keep up with household bills and credit commitments has remained consistently high between 2022–2026, as displayed on the graph above.

In the period from September 2022 to January 2026, *at least* one in three (34%) or more UK adults say they have faced difficulty keeping up. In comparison, in polling commissioned by StepChange in 2020⁸, just 15% of UK adults found it ‘difficult’ to keep up with these essential costs.

In January 2026, just under four in ten (38%) of UK adults had difficulty keeping up with household bills and credit commitments. This figure has remained steady for some time, being two percentage points lower than the previous wave of polling in September 2025 (40%) and aligned year-on-year from January 2025 (38%).

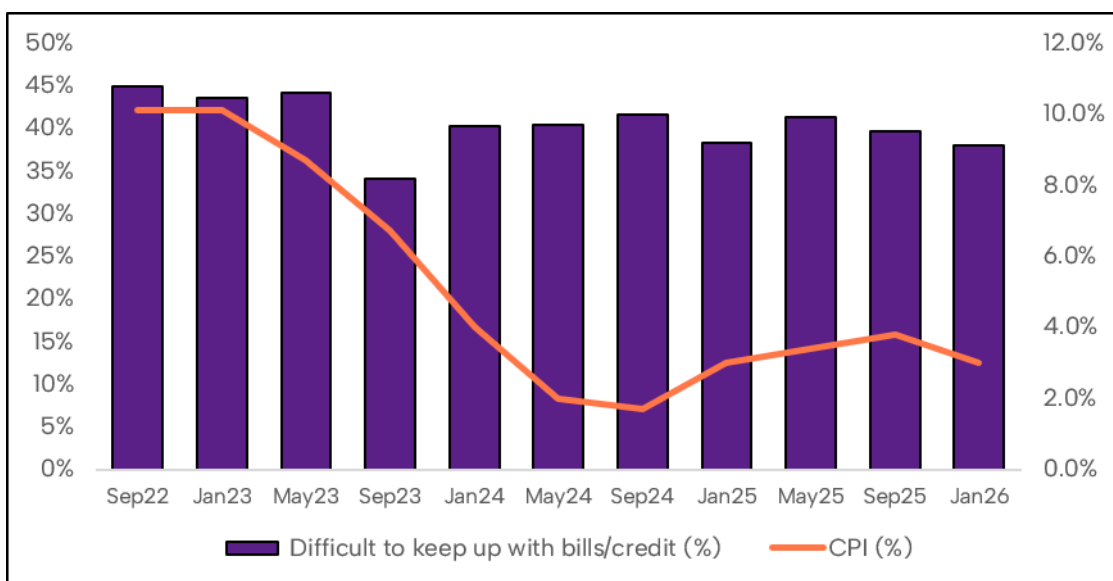
⁸ Indicative change from 2020 polling due to methodological differences

Despite a similar dip in reported ‘difficulty’ keeping up with essential household costs and credit commitments in January 2025, the average (mean) results across all three waves of polling in 2025 aligned with the yearly averages for both 2023 and 2024, with similarly high levels of financial trouble reported by UK adults:

Polling year	Average (mean) % ‘difficult’
2023	40%
2024	41%
2025	40%

The relationship between the proportion of adults struggling to keep up with essential regular costs and commitments and wider economic conditions can be difficult to ascertain. This is because various factors impact both the economy and financial wellbeing. Additionally, various groups are impacted by economic conditions in different ways, for example based on characteristics such as geography, income level, and demographics.

However, to provide a broad demonstration of how economic instability can impact financial position, below the % of UK adults saying they find it ‘fairly difficult’ or ‘very difficult’ to keep up with household bills and credit commitments is compared with inflation (Consumer Price Index):



The above graph shows a visualisation of the relationship between inflation levels and the proportion of people finding it difficult to keep up with bills or credit payments. Analysis⁹ shows there is a moderate association¹⁰ between the movement of these two factors.

When inflation is higher, this measure of financial difficulty tends to be higher as well, however this relationship is not 'strong'. This may indicate how perceived financial stress persists despite falling headline inflation, as prices continue to rise, albeit at a slower rate.

Further research could help to demonstrate more robust measures of this type, accounting for areas that CPI does not (for example, housing costs). This may provide insight into the 'stickiness' of financial difficulty versus broader economic conditions. Also, delving further into how UK adults perceive their own financial position may boost understanding of personal financial confidence, and how this relates to economic measures such as inflation.

⁹ Pearson correlation is a measure of the linear relationship between two variables, X and Y , giving a value between +1.0 and -1.0, where 1.0 is a perfect positive correlation, 0.0 (zero) is no correlation, and -1.0 is a perfect negative correlation.

Courtney, M., Pearson Correlation Coefficient, The SAGE Encyclopedia of Educational Research, Measurement, and Evaluation, <https://methods.sagepub.com/ency/edvol/sage-encyclopedia-of-educational-research-measurement-evaluation/chpt/pearson-correlation-coefficient#>

¹⁰ Pearson's correlation ($r = 0.47$) indicates a moderate positive association using Cohen's benchmarks: Small effect size ($r = \pm 0.1$), Medium effect size ($r = \pm 0.3$), Large effect size ($r = \pm 0.5$)

Cohen, J. (1988). Statistical Power Analysis for the Behavioral Sciences (2nd ed.). Routledge. <https://doi.org/10.4324/9780203771587>

Q2. In the past three months, have you experienced or carried out any of the following activities in regard to your household finances?

This question enables us to measure how many households are engaging in specific negative actions that suggest financial difficulty or problem debt.¹¹

The below table highlights results from January 2026, with comparisons to the previous wave of polling (September 2025) and year-on-year (January 2025):

% financial experiences / activities in past 3 months*	January 26	% change vs. Sep 25	% change vs. Jan 25
<i>Unweighted N</i>	2,179	2,364	4,613
Made just the minimum repayments on my debts	14%	+2%	0%
Used credit, loans or an overdraft to make it through to payday	11%	+1%	+1%
Used my overdraft in each of the last three months	10%	+1%	-1%
Used credit to keep up with existing credit commitments	5%	+1%	0%
Fell behind on essential household bills (e.g. rent, mortgage, energy bills, council tax etc.)	4%	-1%	-1%
Got hit by late payment or default charges	4%	+1%	0%
Missed a regular monthly payment on at least one of my debts	4%	-1%	0%
Used credit to pay essential household bills (e.g. rent, mortgage, energy bills, council tax etc)	4%	-1%	0%

**Excluding none of the above/don't know*

Results are broadly consistent across each wave of polling, with only small fluctuations in reported experiences among UK adults. Comparisons between January 2026 and both September 2025 and January 2025 show no statistically significant changes.¹²

¹¹ Signs of financial difficulty include making just the minimum repayments on debts; using overdraft in each of the last three months, using credit, loans or an overdraft to make it through to payday; falling behind on essential household bills (e.g. rent, mortgage, energy bills, council tax etc.); using credit to keep up with existing credit commitments; getting hit by late payment or default charges; missing a regular monthly payment on at least one debt; and using credit to pay essential household bills (e.g. rent, mortgage, energy bills, council tax etc). 'Problem debt' means selecting three or more of these options.

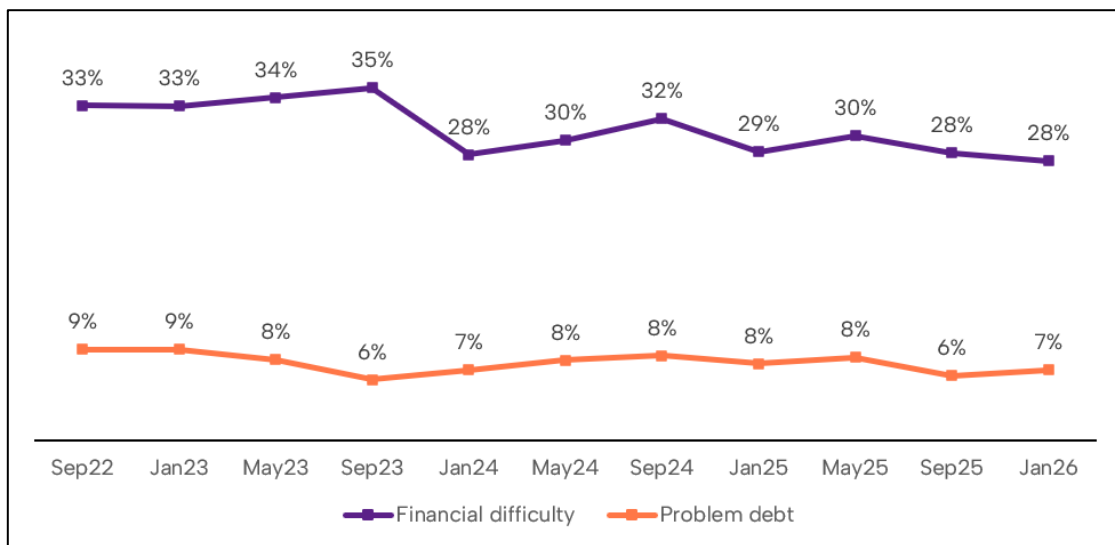
¹² Statistical significance measured at 95% confidence interval (CI).

The most common negative action reported in the most recent research in January 2026 amongst UK adults was ‘made just the minimum repayment on my debts’ (14%), followed by ‘used credit, loans or an overdraft to make it through to payday’ (11%).

The below chart uses the behaviours shown above to demonstrate the proportion of UK adults showing at least one sign of financial difficulty, and the proportion of UK adults in ‘problem debt’ (showing three or more signs of financial difficulty).

This data demonstrates a clear difference between financial difficulty, which is displayed by around 3 in 10 adults throughout the time period shown, and problem debt, which is experienced by around 1 in 12–15 (6–9%). Many UK households are therefore likely to experience some form of financial strain, but acute debt problems are rarer.

Using the data below, in January 2026, an estimated 15.3 million UK adults were showing at least one sign of financial difficulty, and an estimated 3.5 million UK adults were showing signs of problem debt.¹³



¹³ Based on 55,022,253 UK adults. StepChange analysis estimates this figure using ONS data.

Office for National Statistics (ONS), released 26 September 2025, ONS website, statistical bulletin, Population estimates for the UK, England, Wales, Scotland, and Northern Ireland: mid-2024, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

Compared to the first wave of polling in September 2022 (financial difficulty = 33%, problem debt = 9%), January 2026 data shows an improvement in the reported financial position of UK adults (financial difficulty = 28%, problem debt = 7%). This represents an overall downward trend, indicating a gradual rather than rapid financial recovery for many UK households.

Drops in the proportion of adults experiencing 'financial difficulty' tends to fluctuate more rapidly¹⁴ between waves than those experiencing 'problem debt'. This could indicate that acute debt issues are tougher to resolve.

¹⁴ Across the waves of polling, financial difficulty varied between a six-percentage point range of 28–34% UK adults. In comparison problem debt varied between a three-percentage point range of 6–9% UK adults. Financial difficulty fluctuates more considerably between each polling period, with shifts of ± 2 –4% shown in the above data. Problem debt moves between ± 2 –1% between each wave of polling.

Q3. In the last three months, have you done any of the following to keep up with credit repayments?

This question seeks to understand the coping strategies¹⁵ that UK adults are using to keep up with credit repayments and focuses on ‘negative’ strategies that could create disadvantage or harm. The below table highlights the results from January 2026, with the percentage change from both the September 2025 and January 2025 waves of polling listed for reference:

% financial experiences / activities in past 3 months*	January 26	% change vs. Sep 25	% change vs. Jan 25
<i>Unweighted N</i>	2,179	2,364	4,613
Rationed the amount of heating, electricity or water I have used	18%	3%	0%
Went without a healthy diet (food and meals)	10%	-2%	-1%
Asked for financial help from family or friends	8%	-2%	0%
Went without appropriate clothing for the weather	4%	-1%	-1%
Missed utility bill payments (energy, water, telecoms or council tax)	3%	-1%	-1%
Missed rent or mortgage payments	1%	0%	-1%
Endured other hardship or financial difficulty	1%	0%	0%

*Excluding none of the above/don't know

There have been some shifts in behaviours across the above waves of polling. In January 2026, nearly two in ten (18%) UK adults rationed their use of essential utilities to keep up with credit repayments. This is significantly higher¹⁶ than in September 2025 (15%) but is on par with January 2025 (18%).

The proportion of UK adults who asked for financial help from family or friends to help them keep up with credit repayments has fallen significantly¹⁷ between September 2025 (10%) and January

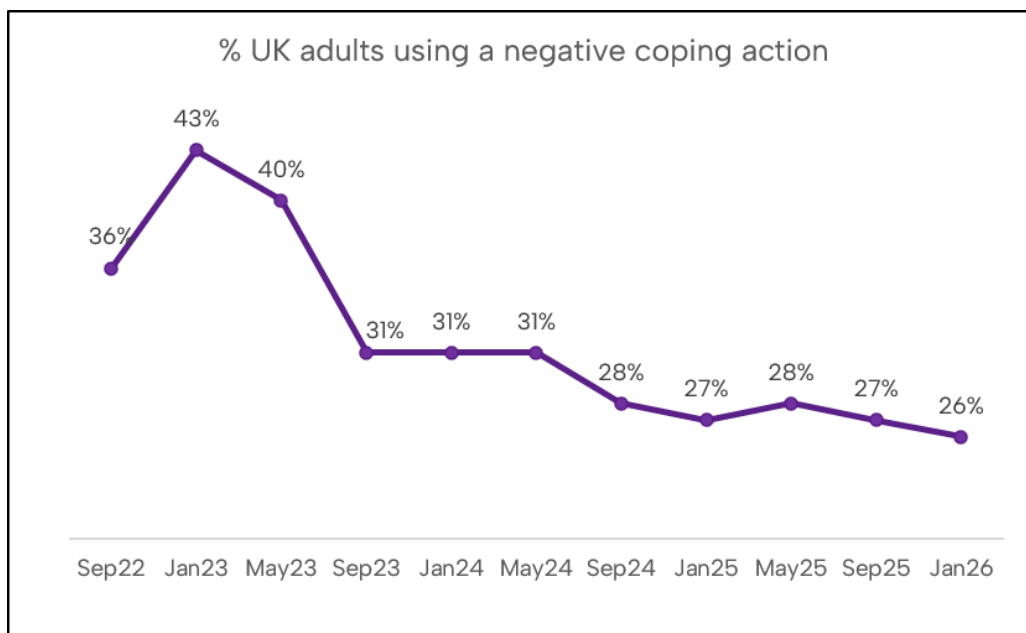
¹⁵ A ‘coping strategy’ includes any of the following options selected in order to keep up with credit repayments: Rationed the amount of heating, electricity or water I have used; Went without a healthy diet (food and meals); Asked for financial help from family or friends; Missed utility bill payments (energy, water, telecoms or council tax); Went without appropriate clothing for the weather; Missed rent or mortgage payments; Endured other hardship or financial difficulty

¹⁶ Statistically significant at 95% CI.

¹⁷ Statistically significant at 95% CI.

2026 (8%). However, January 2026 figures align with those from a year prior in January 2025 (8%).

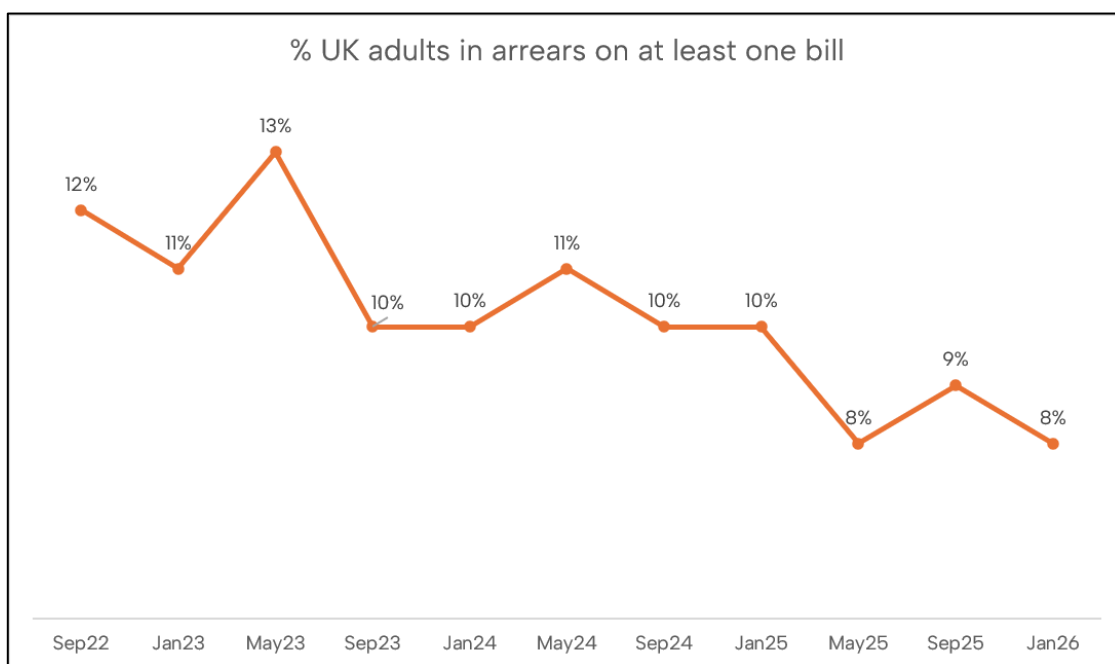
The below graph visualises the trend in UK adults using at least one of these coping strategies between September 2022 and January 2026:



There has been a significant downward trend in the proportion of UK adults stating they are using any of these coping strategies to keep up with credit repayments. In January 2023, over four in ten (43%) UK adults indicated they were using at least one of these strategies. Three years on, in January 2026, this has fallen by seventeen percentage points to one in four (26%). However, compared to the sharp ten percentage points reduction in adults using these coping strategies between May 2023 (40%) and September 2023 (30%), figures from September 2024 to January 2026 have remained relatively stable, fluctuating within a two-percentage point range.

**Q4. Are you currently one month or more behind on paying any of the following bills?
Please tick all that apply.**

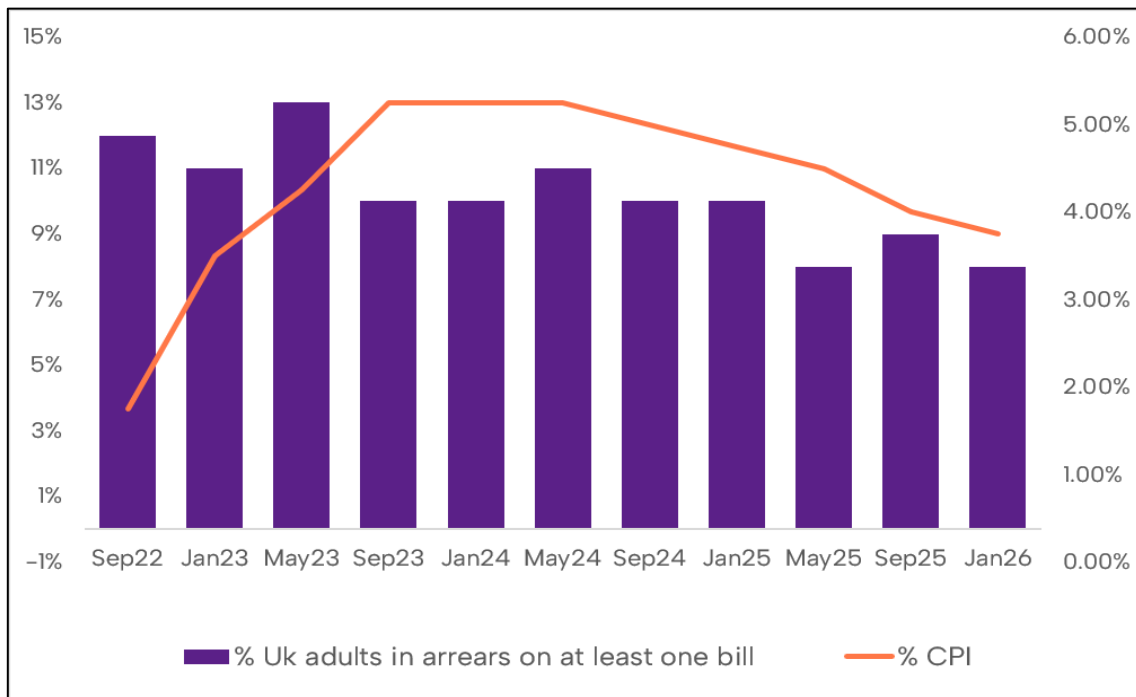
This question uncovers the extent to which UK adults are behind on payments for a wide range of bills, such as electricity, water, council tax, and credit cards. Our findings consistently show that most UK adults are *not* in arrears, for example, in January 2026 90% of respondents stated that they were not behind on bill payments. As such, the percentages of those in arrears across individual bill types is relatively small. For the purposes of this analysis, it is therefore more beneficial to consider the combined proportion of UK adults in arrears on at least one bill, inclusive of all bill types:¹⁸



The above graph visualises a period of fluctuation in the proportion of UK adults reporting that they were in arrears on at least one bill. At its peak, in May 2023, 13% of UK adults reported being behind on payments for at least one bill. However, this proportion has fallen, with a three-percentage point decline recorded between May and September 2023.

¹⁸ September 2022 – January 2024 figures were previously published in 2024 polling analysis. Please note methodological changes in our calculations.

Since September 2023, to January 2026, the figures have remained within a three-percentage point range (8–11%). The most recent figures in January 2026 saw 8% of UK adults indicate that they were behind on at least one bill, which is one percentage point lower than the prior wave of polling in September 2025 (9%). Overall, the average period-to-period growth rate in the above data between September 2022 and January 2026 was -5%, indicating a downward trend.



Prior analysis on **Question 1** which assessed perceived financial difficulty uncovered a moderate relationship between increased inflation (CPI) and increased perceptions amongst UK adults of ‘difficult’ experiences keeping up with bills and credit commitments. Our analysis suggests a stronger relationship between the movement of more objective measures of financial strain and inflation.

The above graph visualises both the % UK adults in arrears on at least one bill, and % CPI. Our analysis¹⁹ highlights a strong positive relationship between changes in the two measures,

¹⁹ Pearson’s correlation indicates a strong positive relationship between these two variables ($r = 0.64$) when using Cohen’s benchmarks.

highlighting that as inflation (CPI) rises, the proportion of UK adults in arrears on at least one bill tends to rise also.

These findings intuitively match our internal client data analysis²⁰ here at StepChange, where the proportion of clients in household arrears has fallen by six percentage points – in line with easing inflation – between 2023 (50%) and 2025 (44%). However continued growth in the average *amount* of arrears suggests continued pressures related to essential costs.

Exploring the difference between perceived financial difficulty, and more objective measures (such as proportion in arrears), is an area that requires further research. It poses interesting questions relating to how UK adults respond to broader economic conditions. To delve into this in future papers, demographic analysis of our polling data will be used to differentiate these perspectives and uncover subgroups with different depths of financial difficulty.

Next Steps

We will continue to conduct regular polling to explore the financial situations of UK households. This report is the first analysis paper exploring the impact of the cost-of-living on UK adults using our historic polling data. StepChange also regularly publishes debt and demographic data about those who seek debt advice from the charity, which is [available here](#). If you would like to discuss StepChange data in further detail, please contact our Policy, Research and Public Affairs team at policy@stepchange.org.

Note that this is not a perfect linear relationship ($r = 1$), which indicates greater complexity behind the reasons why UK adults fall into arrears.

Cohen, J. (1988). *Statistical Power Analysis for the Behavioral Sciences* (2nd ed.). Routledge.
<https://doi.org/10.4324/9780203771587>

²⁰ Statistics Yearbook 2025, StepChange Debt Charity, <https://www.stepchange.org/policy-and-research/2025-personal-debt-statistics.aspx>

Appendix

Unweighted base sizes for the waves of polling referenced in this report:

Polling date	<i>Unweighted N</i>
September 22	1,709
January 23	1,784
May 23	2,120
September 23	1,986
January 24	2,096
May 24	2,168
September 24	2,211
January 25	4,613
May 25	2,235
September 25	2,364
January 26	2,179

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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 2pm, or use our online debt advice tool

Get in touch: policy@stepchange.org



StepChange
Debt Charity

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