



# HAND TO MOUTH

THE IMPACT OF POVERTY AND  
FINANCIAL EXCLUSION ON ADULTS  
WITH MULTIPLE NEEDS

Ellen Pratt and Sarah Jones  
April 2009



REVOLVING • DOORS •  
AGENCY

## Despite sustained efforts, measures to tackle financial exclusion have failed to reach some of the most excluded within our society.

People who have a range of needs including homelessness and mental health and substance use problems, and are involved with the criminal justice system, often live at the margins of our society. Their financial exclusion must be understood within the context of their broader social exclusion. With this research we set out to examine this group's abilities to access financial services, their financial management skills and finally the interplay between key life events, mental health and offending.

The lives of adults with multiple needs, are often **defined by poverty**. This is also a major contributory factor to their financial exclusion. People spoke graphically about the day to day realities of "living poor" – frequently referring to a lack of the bare essentials. One woman described eating commuter leftovers at Euston station when she had no money for food. Poverty also impacts negatively on mental well being. People described their feelings of being excluded from normal society, shame at their failure to provide for their families, and embarrassment about their poor clothing. Most people had few or no savings.

*"It's not good when you haven't got your food in the cupboard like today I've got no food in the cupboard ... because I get paid fortnightly I'll go two or three days at the end without a penny."*

Catherine, 30 (service user)

A number of barriers were experienced in relation to **accessing financial services**. For mainstream services these included actual barriers such as the need for identification and a permanent address. People who were unable to access mainstream services sometimes borrowed money from family and friends. Often, they used alternative and more expensive sources of credit such as home credit companies, pawnbrokers or illegal money lenders. Choice was identified by our interviewees as especially important; many chose simple financial products such as basic bank accounts or, in extreme cases, chose to use only cash.

*"I didn't even think about APR I didn't know nothing about it or anything. They threw money at me and I took it and it was only afterwards I realized what APR and all that was about and then it was basically they're giving £500 and they want £1000 back more or less."*

Alan, 32 (service user)

Financial management was a cause of stress for everyone. Those with mental health problems said difficulties with money added to their distress. It was important to people to feel in control of their money and to exercise choice about how they spent it. Despite limited means, many people managed their money well, keeping a tight control on their outgoings and often using creative money management skills. For those who used their money to fund a drug habit, money management was a challenge they were often unable to face.

*"Mental health issues, I got to the point where I couldn't open the letters I was just too scared to see what was in them 'cos I got in a bit of a pickle."*

Amy, 31 (service user)

Most of the people we spoke to had never sought specialist **financial advice** and the majority had the perception that these services were 'not for people like us'. When seeking help with finances they were more likely to ask a non-specialist but trusted professional such as a housing worker. Non specialist workers told us that they lacked confidence in their own competence to give advice about money management.

The impact of **life events** upon **financial stability** were themes which were returned to throughout the research. Transitions such as entering or leaving prison or becoming homeless often led to both personal and financial crisis. Such transitions are a common experience for

adults with multiple needs. With no financial contingency, this group were usually reliant on a benefits system which they experienced as complicated, slow and unhelpful. In extremis some returned to crime as a proven source of income. Unexpected costs, such as fines, led to stress and anxiety and could also precipitate a return to criminal activity.

*“This time when I came out I had to wait you know the four and a half months before I even got anything which put me into debt, not bankruptcy, but it put me into debt and worry and obviously put me back into the criminal system because of not having any money.”*

Jack, 26 (service user)

Everyone we spoke to aspired to a future that included working, supporting family members and contributing positively to society.

## Recommendations

Adults with multiple needs require different types of support to enable them to meet their undoubted aspirations for an inclusive future. Interventions to tackle their financial inclusion must take into account the breadth of their need and ensure the services who support them work in partnership with specialist financial advice agencies.

### Promoting inclusion

Adults with multiple needs will, by their very definition, span the remit of numerous Government departments. As such, a coordinated cross governmental approach is essential to promoting inclusion. Such an approach needs to mirror the language used by service users and include them in the development of initiatives.

### Tackling poverty and disadvantage

Further consideration needs to be given to how the ‘poverty premium’ affects the daily experiences of adults with multiple needs. The good work that has been undertaken to promote financial inclusion needs to be taken further by the FSA to target this group of adults.

### Removing barriers

This research has shown how benefits can operate to the detriment of adults with multiple needs. This includes difficulties with the application process, regularity of payments and the temptations presented by ‘lump sum’ back payments. These problems need to be addressed. Banks should also be encouraged to work in a way that meets the needs of adults with multiple needs.

### Getting help – access to advice

The multitude of uncoordinated funding streams for the provision of financial advice hinders the development of targeted and co-ordinated services. Specialist financial advisors need to develop their awareness of the difficulties facing adults with multiple needs and make their services more accessible. Core training for practitioners who provide more holistic care should include the financial needs of their client group.

### Criminal Justice

Involvement with the criminal justice system has been shown to worsen the financial situations of adults with multiple needs. Fines that do not take into account people’s incomes are discriminatory and ineffective. Short prison sentences achieve little and do not allow the opportunity for positive interventions with this group of adults. They should be replaced by community sentences. When prison sentences are used, the discharge grant should be increased to enable effective resettlement.



[www.revolving-doors.org.uk](http://www.revolving-doors.org.uk)

**Revolving Doors Agency is an organisation that is concerned with the welfare of adults with multiple needs who are – or have been – in contact with the criminal justice system.**

The full report can be downloaded from Revolving Doors Agency's website:  
[www.revolving-doors.org.uk](http://www.revolving-doors.org.uk)

The views expressed in this report are those of the authors and Revolving Doors Agency, and not necessarily those of the funders of the research study.

© Revolving Doors Agency 2009. All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the copyright owners.

Published by:  
**Revolving Doors Agency**  
The Turnmill | Units 28 and 29 | 63 Clerkenwell Road | London | EC1M 5NP  
020 7253 4038 | [admin@revolving-doors.org.uk](mailto:admin@revolving-doors.org.uk)  
[www.revolving-doors.org.uk](http://www.revolving-doors.org.uk)

