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LEFT BEHIND

FIVE YEARS OF FINANCIAL EXCLUSION

FINANCIAL INCLUSION REPORT 2026

ClearScore · KINETIC Private Investments · nationwide · StepChange Debt Charity

FOREWORD

PAUL RIPPON

Co-founder Monzo, Director and shareholder of Plend

When Plend published its first Financial Inclusion Report five years ago, it highlighted a truth that many of us working in financial services already knew. Millions of people were being judged not on who they were or how they managed their money, but on whether they fitted a model that had changed very little for decades.

Five years later, this report shows that progress has been frustratingly slow.

There are encouraging signs. The Government has published a new Financial Inclusion Strategy. Consumer Duty is reshaping how firms think about customer outcomes. Open banking is becoming mainstream. Technology has never given us a better opportunity to build a fairer financial system.

Yet for too many people, daily life tells a different story.

Too many households still rely on borrowing simply to cover essential living costs. Too many people feel excluded from mainstream financial services. Too many are making impossible choices between heating, food and debt repayments. Financial exclusion is no longer a problem affecting only a small part of society, it increasingly reaches people with stable jobs, decent incomes and aspirations who simply find today's economy harder to navigate.

I've spent much of my career trying to challenge established ways of doing things. At Monzo we showed that banking could be built around customers rather than institutions. Today, as an investor and board member across fintech businesses, I see another opportunity. The next generation of financial services will not be defined by better apps or faster decisions alone. It will be defined by whether we make better decisions, using better information, for more people.

That is why open banking matters so much.

Traditional credit scoring tells only part of someone's story. Real financial behaviour tells us much more. Stable income, sensible spending habits and consistent financial management are often better indicators of future repayment than historical credit data alone. We now have the technology to recognise that. The challenge is making it the norm rather than the exception.

Financial inclusion is sometimes viewed as a social responsibility. It certainly is that. But it is also an economic opportunity. Every person incorrectly excluded from affordable credit represents unrealised potential, for families, businesses, lenders and the wider economy. Better decisions create better outcomes for everyone.

This report does not simply highlight problems. It provides evidence, identifies where progress is being made, and challenges policymakers, regulators and the financial services industry to think differently. That matters because meaningful change only happens when good intentions are matched with practical action.

At Plend, we believe affordable credit should be based on a person's real financial circumstances, not simply their financial history. That philosophy sits at the heart of this report, and increasingly, at the heart of where financial services are heading.

The technology exists. The evidence exists. The opportunity exists.

The question is no longer whether we can build a more inclusive financial system.

It is whether we choose to.

INTRODUCTION

LINDSAY SMART
Head of Sustainability & Product, Triple Point

Triple Point is proud to support this report as its sponsor. 2026 marks our first year providing financial support into the consumer lending sector, and we believe that succeeding in this market begins with understanding – understanding the people behind the numbers, the pressures they face, and the gaps the system is leaving unfilled. Shining a light on the consumer borrowing picture matters to us, and we are grateful to Plend for undertaking this work with such rigour and honesty.

Financial insecurity in the UK is no longer a problem confined to the margins. It is moving inward. This year's report – the fifth in an annual series – brings to light the stubbornness of this issue and its growing reach. 89% of UK adults say they have felt the impact of the cost of living crisis in the last twelve months, up from 84% the year before. More striking still, 40% of those who could not cover a £300 emergency expense earn above the ONS median. Financial precarity, it seems, is steadily claiming ground it was not supposed to reach.

That is perhaps the most important development this report documents: the emergence of a newly impacted cohort. This is not to diminish the acute and longstanding disadvantage faced by those on lower incomes and historically marginalised groups – the data on that picture remains deeply concerning. But increasingly, people on living wage salaries are turning to debt simply to cover the essentials – food, heating, rent. A third of UK adults are now borrowing to pay for basics. When debt is used in this way, to paper over a shortfall rather than invest in an opportunity, it can trigger a cycle that is genuinely hard to break.

What compounds the picture further is what people do – and do not do – when they find themselves in difficulty. Ninety per cent of UK adults are aware that free debt support services exist. More than half have never used one. Among those specifically struggling with repayments, the figure is barely better. The barriers are real: fear of scams, long waiting times, difficulty speaking on the phone. But the data also points to something harder to legislate against: shame. Individuals acknowledge they would rather manage alone, in silence, than seek help and be seen to need it. Whether that reflects a fear of judgement, a reluctance to be seen as struggling, or simply the urgency of needing to act fast when money runs out, the result is the same – people are going without support that could genuinely help them.

For lenders, this report is both a challenge and an opportunity. The traditional markers of creditworthiness were built for a borrower that is increasingly rare. The pool of people who need access to credit is evolving faster than the frameworks used to assess them. Those lenders willing to look more carefully at individual circumstances – to use richer data, to listen, to understand – will not only serve a growing and underserved market. They will have the chance to fundamentally reshape what borrowing means for people: not a source of shame, nor a trap, but a legitimate and valuable tool for navigating personal finances with confidence.

That case is at the heart of this report, and the evidence demands action. Now more than ever, responsible lending is not optional – it is essential.

KEY FINDINGS

1

89% felt the impact of the cost of living crisis, up from 84%

2

20% see no end in sight to cost of living pressures, up from 12% last year

3

67% of loan holders found repayments a struggle, up from 61%

4

21% of people could not afford a £300 unexpected emergency expense

5

26% of UK adults feel locked out of the financial system entirely – down from 29% last year

Methodology

The research for this report was conducted by Opinium Research in March 2026. It draws upon two distinct data sets:

1. 3,000 nationally representative UK adults
2. 500 boosted sample of Black, Asian and minority ethnic adults

The dataset used in this report differs from the cohort of individuals surveyed in previous reports.

The customer quotes used in this report are current Plend customers, interviewed in 2026.

KEY FINDINGS

6

49% of disabled people faced barriers when trying to access financial services in the last 12 months – down from 58% last year

7

39% of UK adults report damages to their mental health as a result of the UK's cost of living crisis – up from 38% last year

8

55% of people earning below the ONS median (£30k) say their health has been impacted by the cost of living crisis – no change year on year

9

48% of all credit holders are making sacrifices such as cutting back on essentials to keep up with debt repayments – down slightly from 49% last year

10

93% of those struggling to keep up with debt repayments are aware free debt support services exist, yet 35% have never attempted to use one

FIVE YEARS ON

This year's report marks the fifth consecutive year we have studied how people in the UK experience the financial system. When we began this work in 2022, our research described a system already under pressure in the wake of COVID-19, with large numbers of people struggling to access affordable credit, paying more than they should, and falling through cracks in the system. In the years that followed, the cost of living crisis entrenched many of those issues. Credit rejection rates rose, repayment strain widened, and the proportion of people considering illegal lenders moved into double digits and remained there.

2026 sits at a distinct moment – HM Treasury has published the Government's Financial Inclusion Strategy, the first sustained policy framework on this issue in over a decade, Buy Now, Pay Later regulation is in practice. And, for the first time across the five years of this research, several headline access metrics – the share of people who feel locked out, average APRs, decline rates – are, for the first time, showing signs of improvement. Yet, as this report sets out, that movement in the headline numbers has not been matched by any improvement in how financial exclusion is actually experienced – the rules and mechanics may be easing, but lived experience is not.

The share of people who believe the cost of living crisis will never stop impacting them has nearly doubled since last year from 12% to 20%. Its impact remains close to universal, and the groups that were most exposed five years ago – those on lower incomes, the younger generation, ethnic minority communities, and those with non-traditional credit histories – remain underserved.

37% of UK adults say access to a genuinely low-interest loan would improve their financial situation, rising to 58% among 18–34 year olds and 50% among ethnic minority respondents.

But the pressure is no longer confined to those at the sharp end: we are now seeing this reach into households with seemingly comfortable salaries, where the sustained squeeze on disposable income is pushing even relatively higher earners to draw on credit lines.

The sections that follow set out the 2026 evidence in detail, reflecting the experiences of the cohort surveyed – the state of credit access and affordability, the demographic groups most affected, the wellbeing impact of exclusion, the routes people are turning to when formal credit falls short, and the support gap behind those routes. Across most measures, the data reveals marginal movement in either direction, pointing to a situation that has remained broadly static. The report closes by asking why, after five years, the underlying picture has changed so little, and what it might take to shift it.

THE STATE OF CREDIT ACCESS IN THE UK

89% of UK adults report feeling the impact of the cost of living crisis in the last 12 months – a 6% increase year on year.

This sustained pressure appears to be shaping how people borrow and repay.

HOW IS CREDIT BEING USED?

For many borrowers, credit appears to be functioning less as a planned financial tool and more as a stopgap to cover day-to-day shortfalls. Half of credit holders (49%) say they have used borrowing to cover unexpected increased expenses, and 46% report using it to keep up with the cost of living – a 15% increase from last year.

A closer look at this group suggests the pressure is concentrated on basic costs. A third (35%) of UK adults are now borrowing to cover essentials. Of those, 56% used credit for groceries and 34% for utilities – both up from last year – followed by debt repayments (28%), transport (22%), and rent or mortgage (20%). The average amount borrowed to cover essentials was £1,120, with 15% borrowing over £2,000, suggesting increased pressure on household budgets. This pattern of borrowing

PLEND CUSTOMER CASE STUDY

JOSEPH, 34

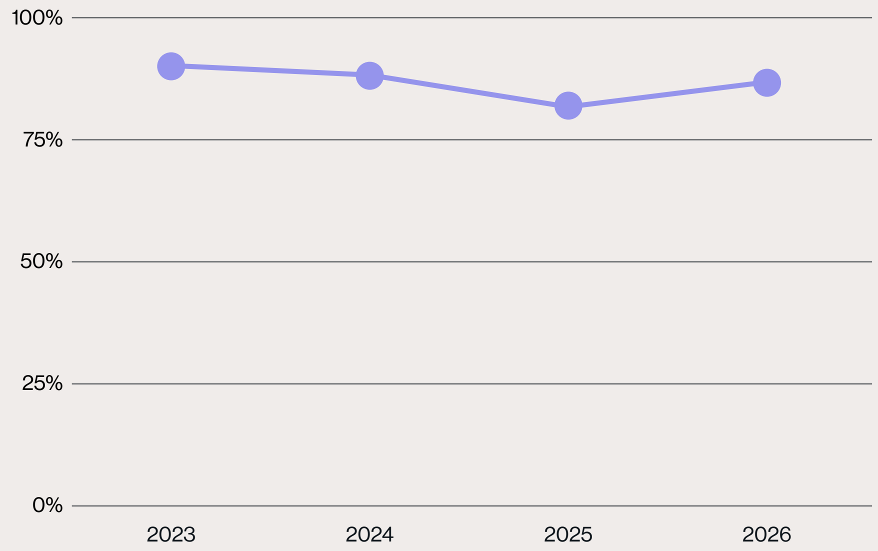
The cost of living crisis has made an already difficult situation worse. I'm doing everything possible to get my living costs down, which means counting every penny. I've had to change how I eat and shop - even at the budget end of the supermarket shelf the options are more expensive than they used to be.

to meet basic needs is likely to create a long-term compounding effect. When people rely on credit for essentials, they risk falling into a cycle of debt dependency – where interest and repayments consume an ever-greater share of income, making it increasingly difficult to cover those same essentials without borrowing again. Without significant changes to economic conditions, such as real wage growth, or a reduction in the cost of living, breaking out of this cycle will remain extremely challenging for many households.

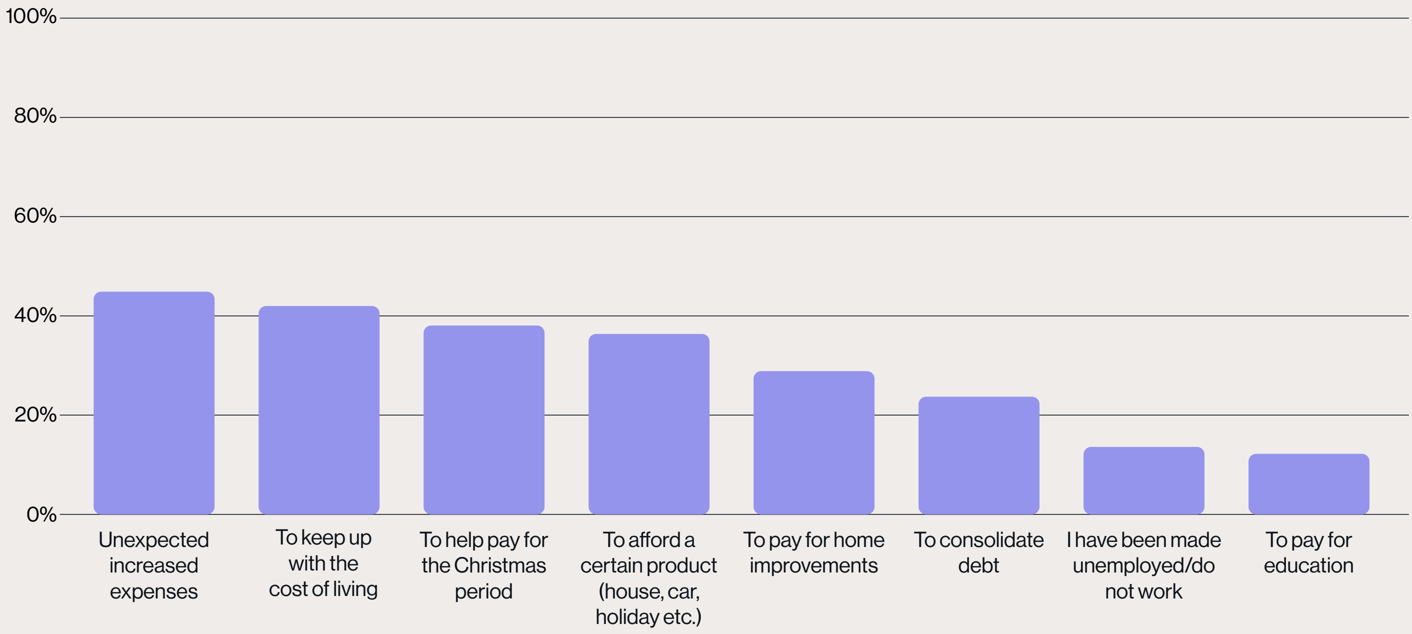
This year, 21% of UK adults report they could not afford to cover an unexpected expense of around £300 – a figure used by the Financial Conduct Authority (FCA) as a benchmark for financial resilience – a signal of how thin the financial buffer has become for many people. Of those who could not cover the £300, over half (56%) also report not feeling confident they could access a loan or credit if they needed it, pointing to a group with limited capacity to either self-fund or borrow.

The data suggests this is not solely a low-income issue: 40% of those unable to cover the £300 emergency expense earn above the ONS median, indicating that financial precarity now extends across earning bands. Across several measures, the gap between lower and middle income groups is narrowing. 36% of those earning between £40,000 and £80,000 say their financial position has worsened in the last year, a figure considerably closer to the 49% of those earning under £40,000 than to the 22% of those earning over £80,000.

PERCENTAGE OF PEOPLE WHO FEEL IMPACTED BY THE COST OF LIVING CRISIS



HOW CONSUMERS ARE USING CREDIT IN 2026

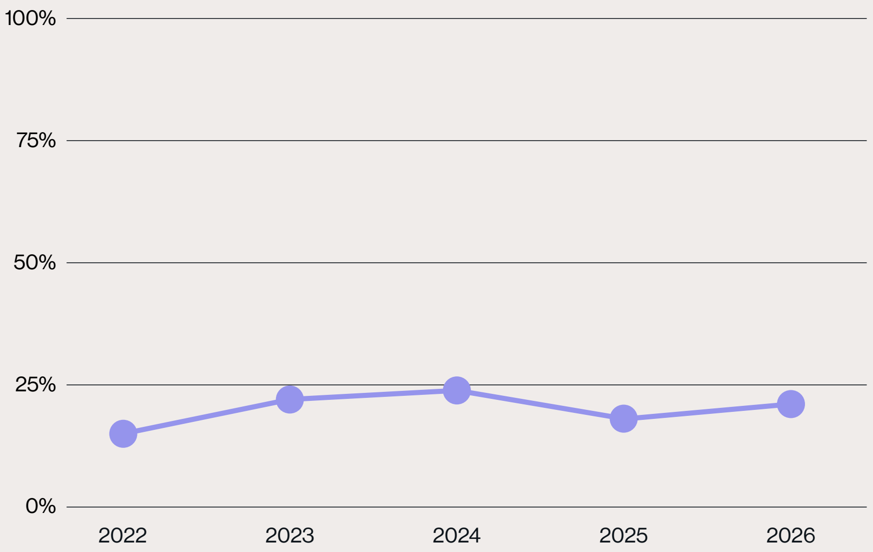


CREDIT ACCESS

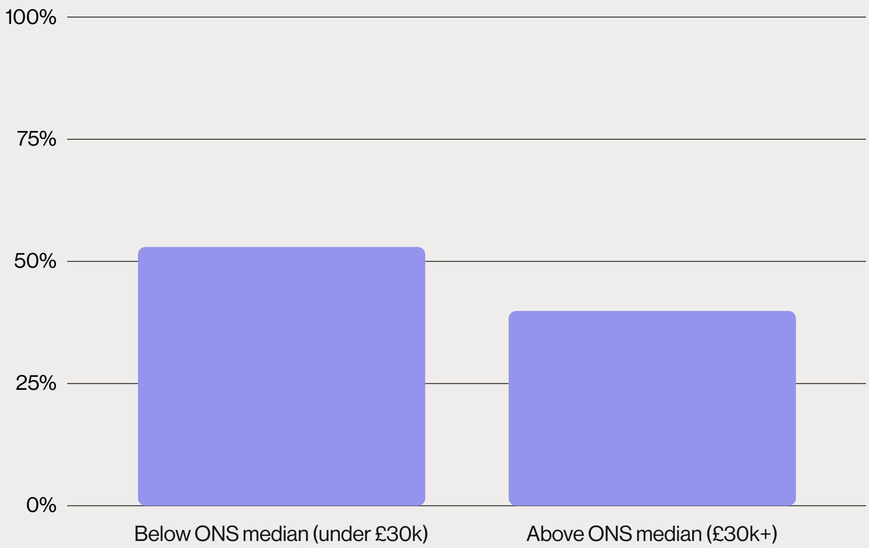
26% of UK adults feel they are locked out of the financial system – a 10% reduction on a figure that has remained relatively flat over the past four years. The shift represents a cautious positive signal for credit access – although it has not yet translated into better outcomes for consumers, with many still having low confidence and trust in the financial system, as well as experiencing repayment struggles.

According to this year's data, formal credit participation has held flat at 78% year on year despite indicators of growing financial need – a pattern that points to a more complicated picture than headline figures suggest. Decline rates have fallen marginally, from 41% to 39%, but this should not be read straightforwardly as improved access. If access were genuinely broadening, uptake would typically be expected to rise alongside falling rejection rates. A possible explanation is that the applicant pool itself has contracted, with people who feel locked out less likely to apply. This is consistent with the 38% of respondents who say they intend to avoid credit altogether in 2026 – suggesting the improvement in

PEOPLE WHO COULD NOT AFFORD AN UNEXPECTED EMERGENCY



COULD NOT AFFORD A £300 EMERGENCY EXPENSE BY INCOME GROUP



PLEND CUSTOMER CASE STUDY

MANDY, 51

Things were already tight, but the cost of living has made everything so much worse. I've cut out all luxuries, and even then I've had times where I'm using credit cards to pay for everyday essentials like petrol and food.

decline rates may reflect growing self-exclusion rather than a more inclusive lending environment.

The confidence data points in the same direction.

The proportion of respondents who are not confident in their ability to access credit has risen by 25% in a single year.

Trust in banks has fallen by 13% year on year, with less than half (42%) of respondents confident that their bank would be there for them in a financial emergency. In addition, the proportion of respondents who believe they have access to fewer financial products than the average person has seen an increase of 4% compared to last year.

PERCENTAGE OF PEOPLE WHO GOT DECLINED FOR A FINANCIAL PRODUCT

Taken together, this data suggests formal credit is no more accessible than it was a year ago, and for many people it is effectively out of reach. Where demand is being absorbed, it is through overdrafts, high-cost credit cards and Buy Now, Pay Later (BNPL) – products not structured for affordability or sustainable repayment. Worsening repayment struggles confirm that the available options are not working for many consumers. This makes the case for genuinely affordable credit alternatives, fairly priced and structured around the borrower's ability to repay.

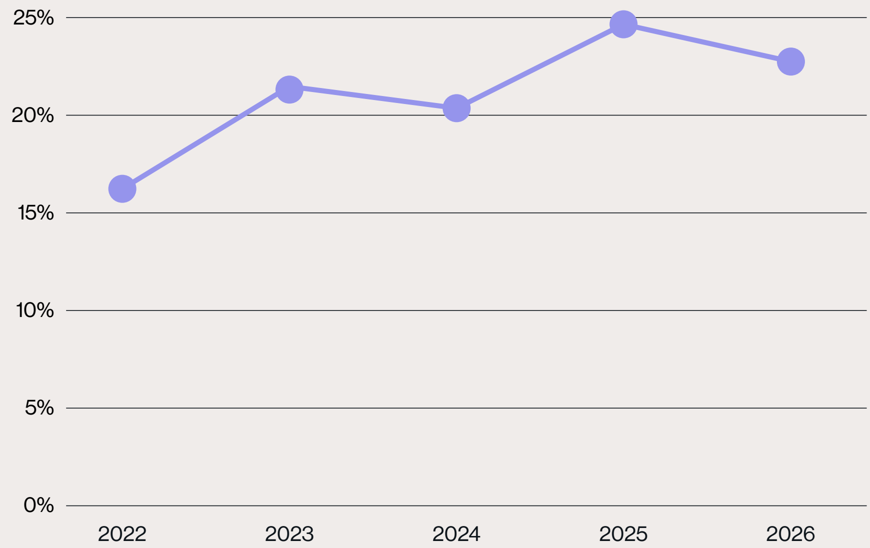
THE COST OF CREDIT

Some headline indicators suggest a marginal easing of loan conditions, although this has not yet translated into improved consumer perception. The average APR has decreased from 24.7% to 22.7%, while average loan terms have extended from 19 to 21 months.

Despite this, 40% of UK adults now feel the rates charged by loan and credit card companies are unfair – an 8% increase on last year – and only 24% believe they are fair, a 14% fall from last year.

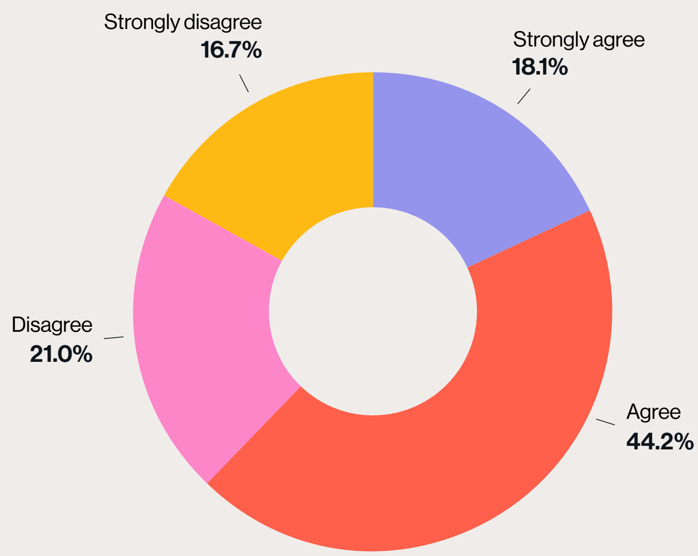
This likely reflects the broader cost of living context: even modest improvements to credit conditions

AVERAGE APR CHARGED ON LOANS OVER TIME



Opinium Research for Plend, 2026

ARE UK CONSUMERS MAKING PERSONAL SACRIFICES TO PAY OFF DEBTS



do not offset the overall financial pressure consumers are under, and perceptions of fairness are often shaped by people's financial position as a whole, not credit rates in isolation.

The affordability data points in a similar direction:

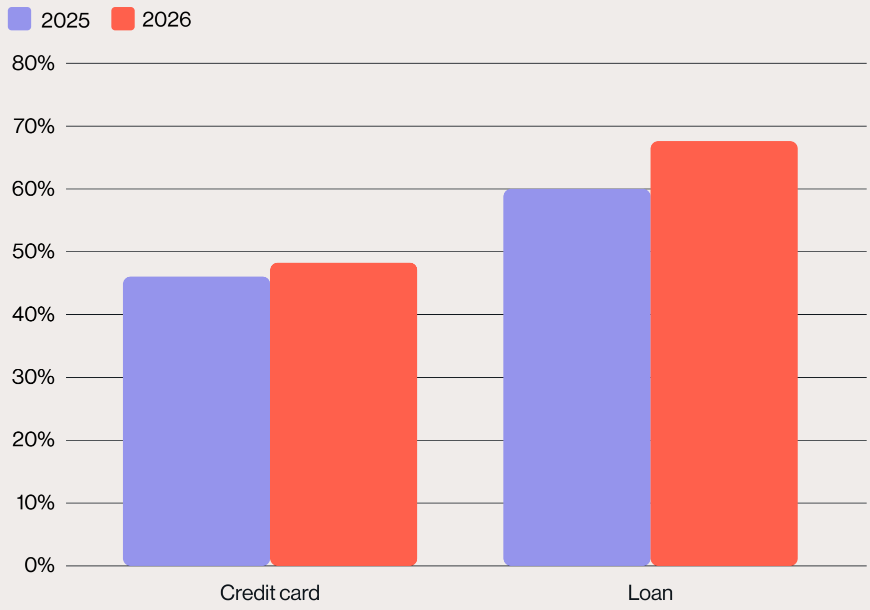
- Nearly half (48%) of all credit product holders report making active sacrifices to service their debts, unchanged from last year
- 67% of loan holders report finding repayments a struggle, a 10% increase in one year
- 48% of credit card holders report finding repayments a struggle, a 4% increase from last year.

17% of loan holders are not meeting their minimum required monthly repayments – a figure that has remained unchanged year on year.

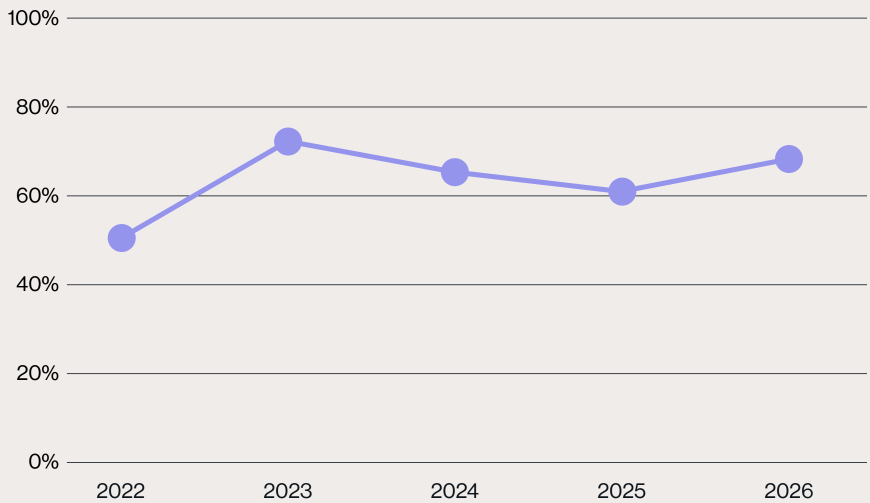
When those paying the minimum each month are included – technically meeting their obligation, but making no meaningful progress against the amount they owe –

58% of loan holders are in debt maintenance rather than debt reduction.

PERCENTAGE FINDING REPAYMENTS A STRUGGLE – 2025 VS 2026



PERCENTAGE OF PEOPLE WHO HAVE STRUGGLED TO PAY OFF THEIR LOAN(S) (2022-2026)



PLEND CUSTOMER CASE STUDY

JOSEPH, 34

"Right now I'm paying between £1,500 and £1,750 every month to service my credit card debt, yet the balance barely reduces. Some of the APRs are as high as 75% – the interest rates charged by the credit card companies just keep going up and the debt is becoming unmanageable."

That is an increase from 56% last year, driven by a growing proportion who have settled into minimum-only payments. Combined with the finding that 46% used credit to cover essentials such as groceries and utilities, this points to a group of borrowers for whom the conditions needed to reduce debt – surplus income, financial stability, falling costs – are not currently in place.

VANESSA NORTHAM

Partnerships Director,
StepChange
Debt Charity

StepChange Debt Charity

Several years of rising living costs have left many people less able to cope with unexpected expenses or sudden drops in income. At StepChange, we've seen a steady increase in clients struggling to afford everyday essentials and falling behind on utility bills, often turning to credit to bridge the gap and being pushed deeper into financial difficulty.

Our research paints a similar picture, revealing one in four UK adults have no savings set aside for a rainy day. This creates a real risk of escalating debt problems, especially when people lack access to affordable credit or emergency support. The Government's Financial Inclusion Strategy is a welcome step, but it must be backed by effective outcome measures and concrete action to prevent financially vulnerable households from becoming trapped in harmful cycles of debt.

WHO IS BEING LEFT BEHIND: DISPARITIES IN FINANCIAL INCLUSION

As reported in our previous studies, financial exclusion is not evenly distributed. It tends to disproportionately affect people and communities already facing systemic disadvantages. Across ethnicity, income group, and disability, access to fair and affordable financial services remains markedly unequal across the UK.

LOW INCOME: THE POVERTY PREMIUM IN 2026

Whilst the concept of the poverty premium is not new, what 2026's data suggests is that it is intensifying. Households earning below the ONS median are reporting difficulty repaying credit at nearly double the rate of those in higher income brackets. The result is a two-tier system: households with greater means can access cheaper, more flexible credit, while those without are more likely to use higher-cost products, informal borrowing, or to go without.

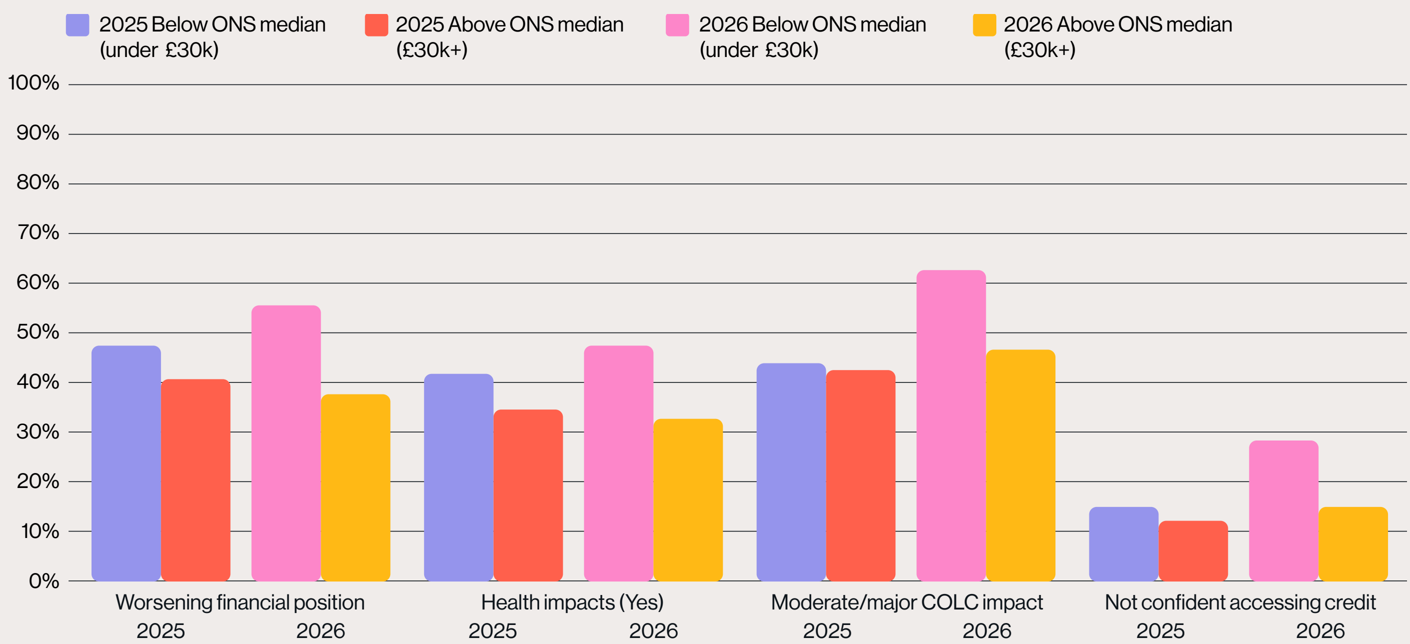
WHAT IS THE POVERTY PREMIUM?

The poverty premium is the extra cost people on low incomes and in poverty pay for essential products and services. In the UK, around 14 million people in poverty pay extra costs for essentials such as energy, credit and insurance[1].

61% of those earning below the ONS median of £30,000 per annum say their financial position has worsened in the last year, a 3% increase from last year.

1. FairByDesign – The Poverty Premium

THE POVERTY PREMIUM: INCOME EQUALITY ACROSS KEY FINANCIAL WELLBEING METRICS



Over half (58%) say the cost of living crisis has had a moderate or major impact on them.

Credit access shows no year on year improvement for this group, with 28% of below-median households saying they are not confident they could access credit tomorrow if they needed it – up from 21% last year. Of those who say credit has become harder to access, 55% have personal incomes below the ONS median. The same is true of those who feel their bank would not support them in a financial emergency (55%), those who rely on loans from friends and family (56%), and those using Buy Now Pay Later as a primary borrowing route (51%) – both of which carry risks that regulated credit products are designed to mitigate.

YOUNG PEOPLE: A GENERATION IN DEBT

The data suggests that 18–34 year olds are experiencing a sharper deterioration than other age groups, a consistent feature of this research across multiple years. They are the cohort most likely to report needing credit, the least likely to feel confident accessing it, and the most likely to report declining financial health. They are also early in their credit histories, more likely to rent than to own, and more likely to be in less stable employment, making affordable credit harder to access.

The cost of living crisis appears to have hit this group hardest too. The proportion of 18–34s reporting a moderate or major impact has risen by 16% in a single year to 57% – the largest year on year increase of any age cohort. Over half (53%) of 18-34s say they are borrowing as a direct result of the rising cost of everyday essentials, also the highest figure of any age group.

Access to credit has not shown any meaningful improvement –

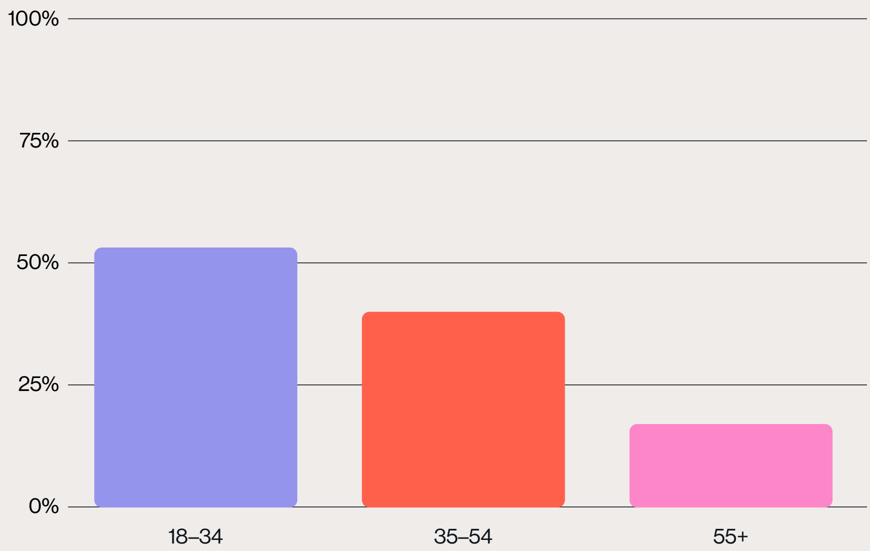
28% of young adults feel they have access to fewer financial products than others, a 22% increase on the previous year.

PLEND CUSTOMER CASE STUDY

CHARLIE, 40

It's unjust that the people with the least money are always charged the most interest. When I was at my lowest point, as the debt accumulated on my cards, it seemed the card companies felt it was justified to keep raising the APR – pushing me further into debt at exactly the moment I was already struggling. Now I have a debt consolidation loan with Plend, I'm paying off my debts and reducing the balance each month.

PERCENTAGE OF PEOPLE WHO HAVE HAD TO BORROW MONEY BECAUSE OF THE RISING COST OF ESSENTIALS BY AGE GROUP



Meanwhile, 22% say credit has become harder to access over the past 12 months.

At the same time, there is a clear demand signal. Over half (58%) of 18–34s say access to a low-interest loan would improve their financial situation – the highest figure of any age group, and one that continues to rise year on year. This points to a generation that wants to engage with credit but cannot find products that meet their needs.

This isn't to say other age groups aren't struggling:

the 35–54 age group also shows signs of struggling with nearly half (48%) reporting to be in a worse financial situation than they were last year.

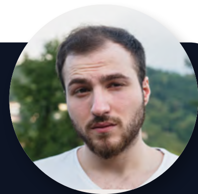
And, nearly a quarter (24%) are not confident they could access credit if they needed it – a figure that has risen from last year, reflecting confidence erosion not just in the lower age bracket. Financial difficulty experienced in younger years rarely resolves itself without intervention – those who struggle to access affordable credit in their twenties risk carrying debt, poor credit histories, and diminished financial resilience into mid-life and beyond, suggesting that the challenges visible in the 35–54 age group may, in part, be the legacy of unmet needs a decade or more earlier.

DISABILITIES: DOUBLE EXCLUSION

The data points to a compounding disadvantage for disabled people: first from more volatile incomes and higher ongoing living

PLEND CUSTOMER CASE STUDY

JACK, 32



“*It all started when I was 21 – I took out a loan to pay off my overdraft, and that was the start of a very slippery slope. I'd take out a loan to pay off another, and I've been stuck in that loop for 10 years. The high interest rates are a big part of what makes it unmanageable – if rates were fairer it would be easier to get out of the cycle. It kind of just feels like my normal now, but I carry the stress of it around day-to-day. Consolidating my debt with Plend has been the first time I've actually been able to see an end in sight – a fairer rate means I can finally see a way out. I know there are certain life events I'll have to put on pause for the next five or six years, until I'm back on top of the debt, but for the first time that feels like a realistic goal rather than a distant dream.*”

costs, and then from systemic barriers including inaccessible financial products and physical or digital obstacles to using them. Research from Scope finds that disabled households need an extra £1,095 each month on average simply to achieve the same standard of living as non-disabled households[2].

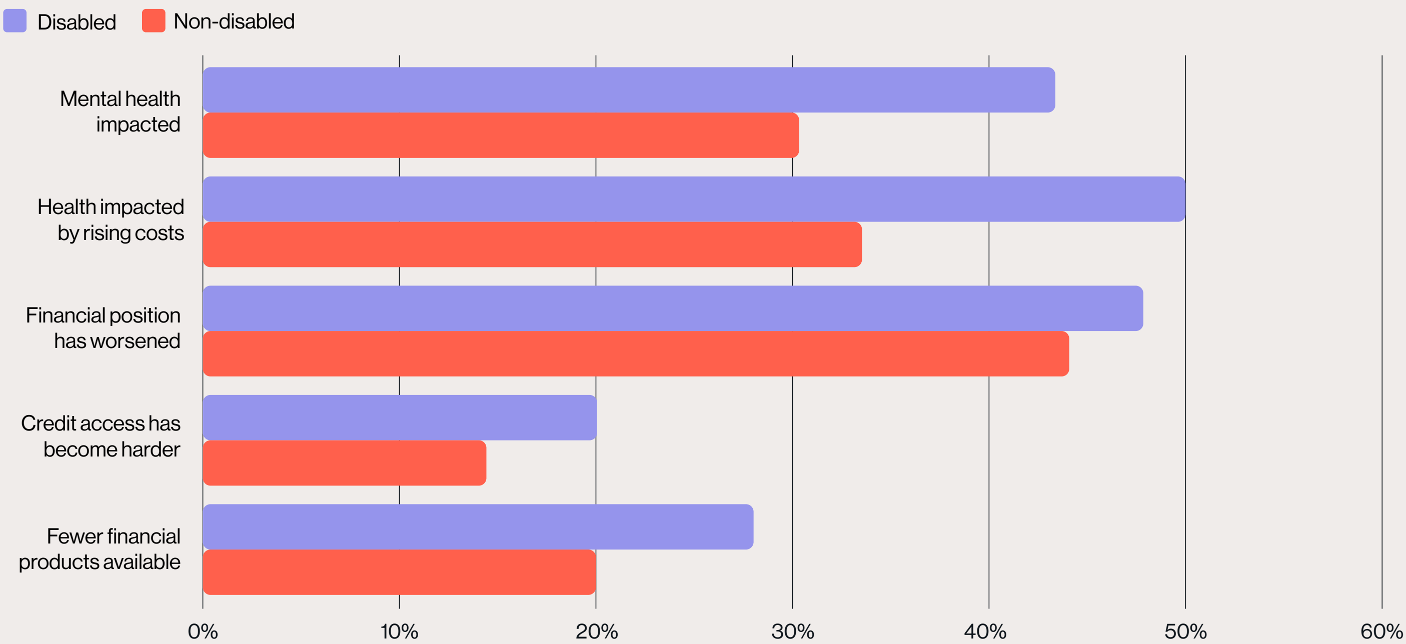
Nearly half (49%) of disabled individuals report experiencing barriers when accessing financial services. While this marks a notable improvement from 58% last year, the absolute level remains high. Over half (57%) said their financial position has worsened since last year, with only 15% reporting an improvement, and 65% saying the cost of living crisis has had a major or moderate impact on them – a 16% increase on last year.

The challenge is compounded by a gap in product access. Over a quarter (28%) of disabled respondents feel they have access to fewer financial products than others, compared with 20% of non-disabled respondents. This gap is likely to reflect a broader pattern of disadvantage – including income, age and credit history – rather than disability as a standalone cause. Credit access tells a similar story: 29% say it has become harder in the last year – up from 23% the year prior – compared to 15% of non-disabled respondents.

Despite a clear need for financial support, a third (33%) say their disability or health condition directly affects their ability to use support services when they need them, suggesting that it is not only financial services themselves that are harder to access, but the support services too. More than a

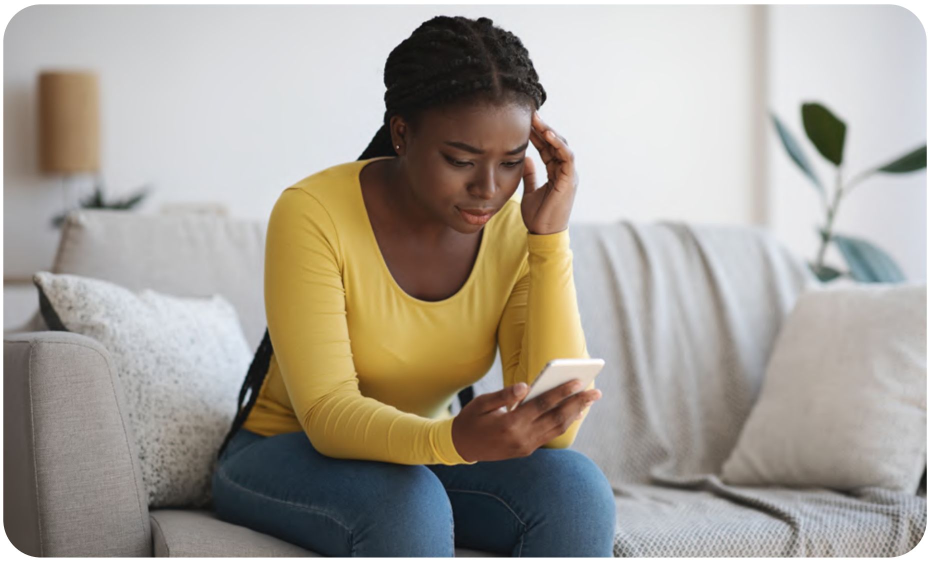
2. Scope **Disability Price Tag Report 2025**

DISABLED VS NON-DISABLED – FINANCIAL EXCLUSION INDICATORS (2026)



quarter of disabled respondents cited finding it difficult to speak on the phone (28%) or to travel to in-person appointments (26%) – the two primary channels through which most financial support services operate – as barriers to accessing support services.

The wellbeing data points in the same direction. 50% of disabled respondents say their physical or mental health has been negatively impacted by the UK's current financial situation. On mental health specifically, 44% of disabled respondents report impacts, compared with 31% of non-disabled respondents.



ETHNIC MINORITY COMMUNITIES

The data suggests ethnic minority communities continue to face higher barriers to affordable credit. They are more likely to borrow for essentials, more likely to engage with illegal lenders, and to rely on higher-risk forms of credit. While some indicators show modest improvement, the gap between need and access remains substantial.

In the past year, 44% of ethnic minority respondents borrowed money to cover essential costs, compared with 33% of White respondents – an 11% gap that has remained unchanged year on year. The wellbeing data shows a similar pattern: 42% of ethnic minority respondents report their health has been impacted by the UK's current financial situation, against 38% of White respondents. Meanwhile, 21% say credit access has become harder over the last year, versus 16% of White respondents.

The demand for better access to affordable credit is clear, with 50% of ethnic minority respondents saying access to a low-interest loan would improve their financial situation.

KATHRYN TOWNSEND

Head of Customer Vulnerability,
Nationwide

nationwide

"The report's "double exclusion" shows how disabled people already face unstable incomes and higher living costs. These challenges are then made worse by barriers to accessing the financial products and support they need. Over time, these pressures build on each other, making it harder for people to improve their situation. These findings should be a clear signal to policymakers, regulators and financial institutions to consider the full picture of what disabled people face and ensure services are not only accessible from the outset, but are truly built with these consumers in mind."

FINANCIAL WELLBEING

THE HIDDEN COST: WHEN EXCLUSION DAMAGES HEALTH

Health impacts are not only felt by marginalised demographics mentioned above, but also across wider demographics too.

The health impacts of marginalised demographics are clear, but it is also evident in the national averages that more needs to be done to combat the negative health impacts financial strain can have.

39% of UK adults say the country's financial situation has negatively impacted their physical or mental health – a figure that has barely shifted from 38% last year.

PLEND CUSTOMER CASE STUDY

MANDY, 51

I've easily been in this cycle for 10 years, maybe 15. I've only ever been able to access high-interest credit, which means it's taking a long time to pay off, and it has had a massive impact on me – I worry every single day about everything I have to pay off. It's constant, and it has had a negative impact on my mental health. But since finding Plend, things have finally started to change. I'm staying on top of my payments, I haven't missed one, and I'm really close to paying off all of my debt this year. I just needed someone to give me a chance – and that's exactly what Plend did.

The data also suggests a relationship between credit access and wellbeing.

Among those who are not confident they could access credit if they needed it, 64% report mental health impacts – more than double the 31% reported by those who feel confident.

Among people who say loans have become harder to access, the figure climbs to 69%.

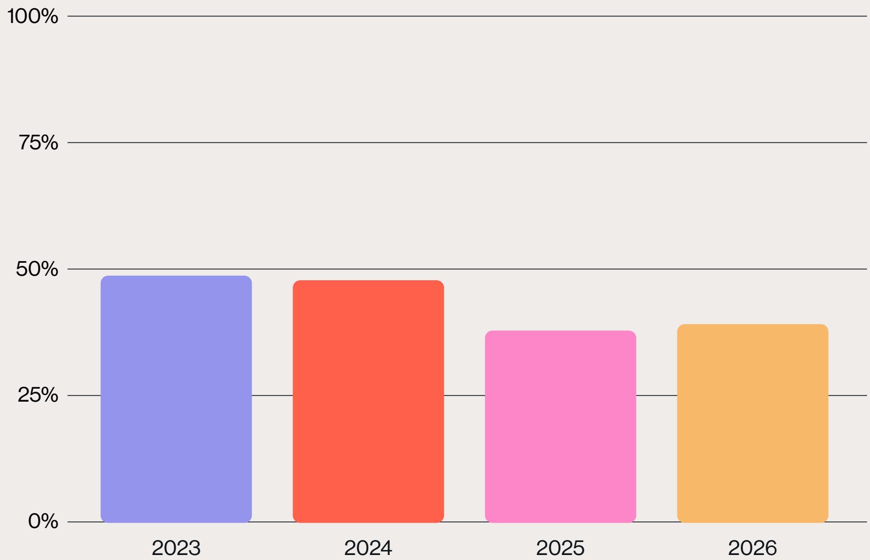
These findings indicate that the experience of feeling locked out of the credit system appears to be associated with a higher likelihood of mental or physical health damage – pointing to a compounding cycle of exclusion.

PLEND CUSTOMER CASE STUDY

CHARLIE, 40

Debt goes hand in hand with psychological and mental-health impact. My debt is controlled now, but it still takes its toll. I know that if I lost my job tomorrow, I'd be in a lot of trouble – so the worry is always there.

COST OF LIVING HAVING AN IMPACT ON PHYSICAL OR MENTAL HEALTH



PLEND CUSTOMER CASE STUDY

JOSEPH, 34

Due to my financial situation, I suffer from anxiety and panic attacks, and I'm on medication for high blood pressure. It's also led to the breakdown of my relationship – I couldn't start a family knowing the debts I had. It's affected my social life too: a lot of friendship-building happens in third spaces – coffee shops, restaurants, events – and when that's just not something you can factor in, it limits you very significantly. Before I found Plend I was paying so much in interest, but now every pound goes towards paying off the loan, and there's an end to the term. That gives me hope and relief.

WHEN THE SYSTEM FALLS SHORT – WHO BRIDGES THE GAP?

A WIDENING EXCLUSION GAP

Demand for credit remains high, but a growing share of households appear to be meeting that demand outside the traditional financial system. The data suggests an exclusion gap that is widening, with informal, unregulated, or higher-risk routes increasingly filling it.

FRIENDS AND FAMILY

Informal lending networks appear to be acting as a first line of response to credit exclusion.

Of those who were declined for a traditional credit product in the past 12 months, 41% turned to friends, family or a partner to borrow money,

and a further 33% were given money outright by their personal network rather than accessing formal credit.

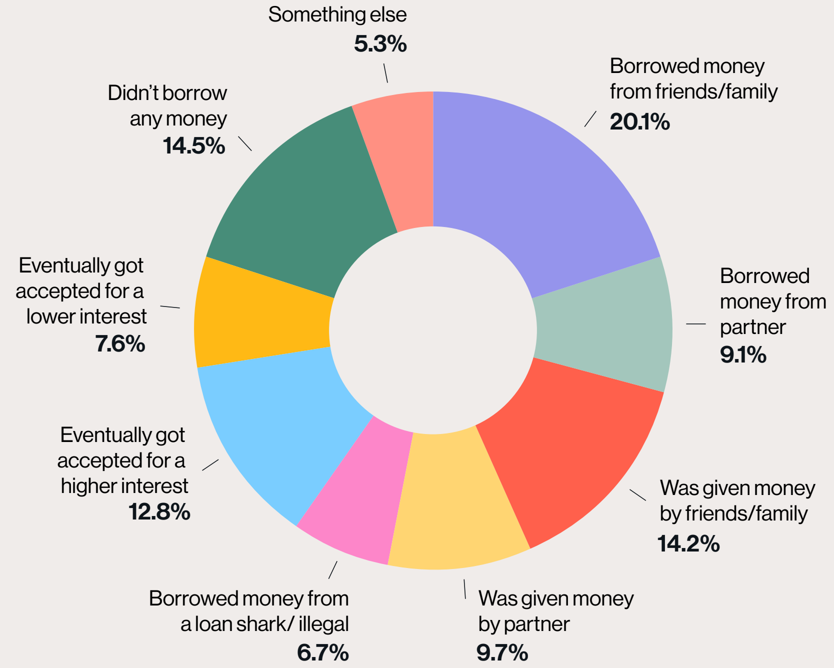
Among people who say they feel locked out of the financial system, this reliance is more pronounced: 55% report borrowing from friends and family as their most common route to finance, making personal networks the most cited source of credit for this locked out group.

BUY NOW, PAY LATER

Buy Now, Pay Later (BNPL) has been absorbing a meaningful share of credit demand – 23% of UK adults used BNPL in the past 12 months, an increase of 10% since last year. Among those who applied for BNPL, rejection rates fell from 28% to 20% year on year, suggesting providers are accepting a wider pool of users. Use is broadly consistent across income groups: 21% of those earning below the ONS median used BNPL in the past 12 months, compared with 24% above it. Its allure of instant approval, no hard credit check, and an interest-free period if repaid on time makes it genuinely accessible across the income spectrum.

Frequency of use is rising – and the pattern is uneven. The average user now accesses BNPL three times a year, up from two in 2025, and more than a quarter (28%) use it five or more times. That figure is notably higher among lower-income users:

WHERE PEOPLE WENT AFTER BEING DECLINED CREDIT IN THE LAST 24 MONTHS

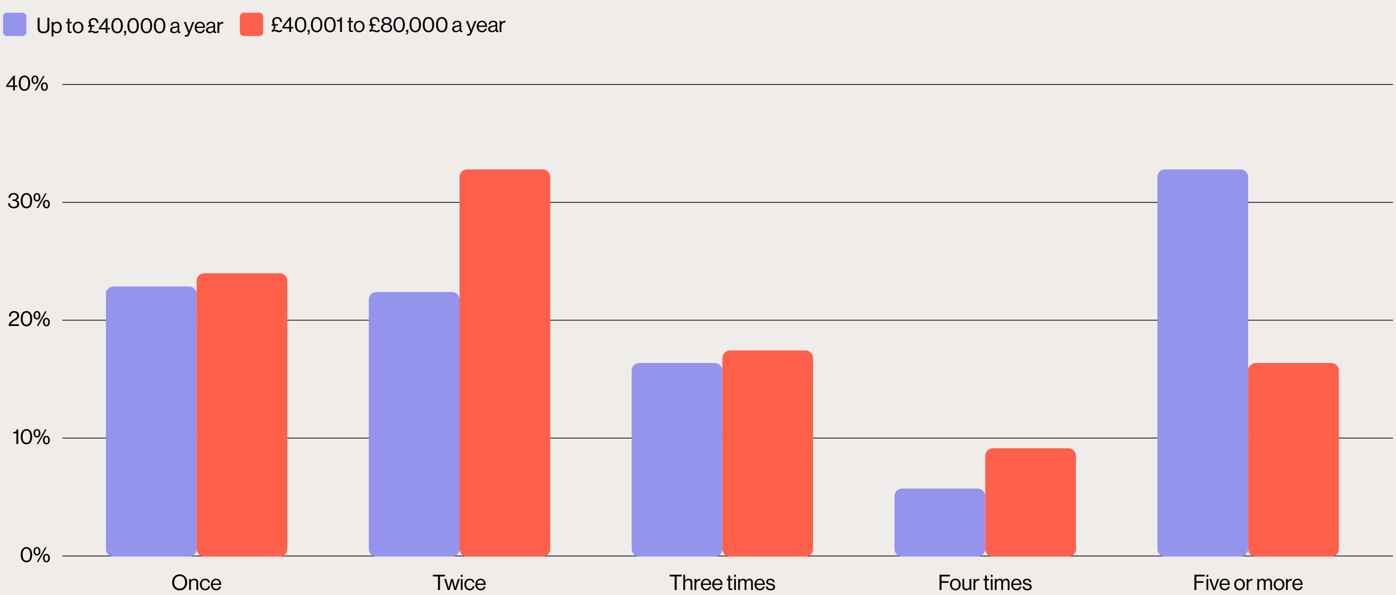


nearly a third (33%) of BNPL users earning below the ONS median use it five or more times a year,

compared with 24% of those earning above it. Higher earners may use BNPL strategically as a cash flow tool; for lower earners, the pattern of more habitual use suggests something closer to structural reliance.

Last year's report raised concerns around BNPL affordability. The data this year suggests those concerns are

BNPL USAGE FREQUENCY IN PAST 12 MONTHS BY INCOME GROUP



now affecting more users: 13% of BNPL holders are not able to meet the minimum monthly payments. Meanwhile, 17% say repayments are a struggle, and a further 35% describe them as manageable but sometimes difficult – meaning over half of users are not finding repayments straightforwardly comfortable. The burden is not distributed equally:

19% of below-median earners with BNPL report struggling with repayments,

compared with 15% of those earning above the median. BNPL's accessibility is genuinely valuable, but it also means the population most likely to use it heavily is least equipped to absorb it when repayments become unmanageable.

New regulation brings BNPL under FCA oversight for the first time – a significant change explored in more detail in the policy section.

LOAN SHARKS

Last year's report identified an emerging trend in loan shark exposure, particularly among the most financially vulnerable. This year, the rate of increase appears to have slowed, although the data does not yet indicate clear signs of improvement. Overall, 3% of respondents reported using a loan shark in the last 12 months – meaning, if we extrapolate our findings to the UK, that's approximately 2 million people

WHAT IS A LOAN SHARK?

A loan shark is an illegal money lender who operates without official authorisation. They exist outside the regulated financial system, often targeting individuals experiencing financial exclusion who cannot access affordable credit. They are characterised by charging extortionate interest rates, and their use of threats or violence to enforce repayment.

PLEND CUSTOMER CASE STUDY

MANDY, 51

Buy Now, Pay Later has been a lifeline. If it wasn't for that, I literally would not be able to buy anybody a Christmas or Birthday present, or afford everyday essentials like shampoo. The fact that the BNPL products are often 0% is a real help.

...I have had trouble in the past with BNPL – I bought a phone which I couldn't manage to pay off within the interest-free period, so I ended up paying extra. I can see how easy it would be for people to get into financial trouble with it.

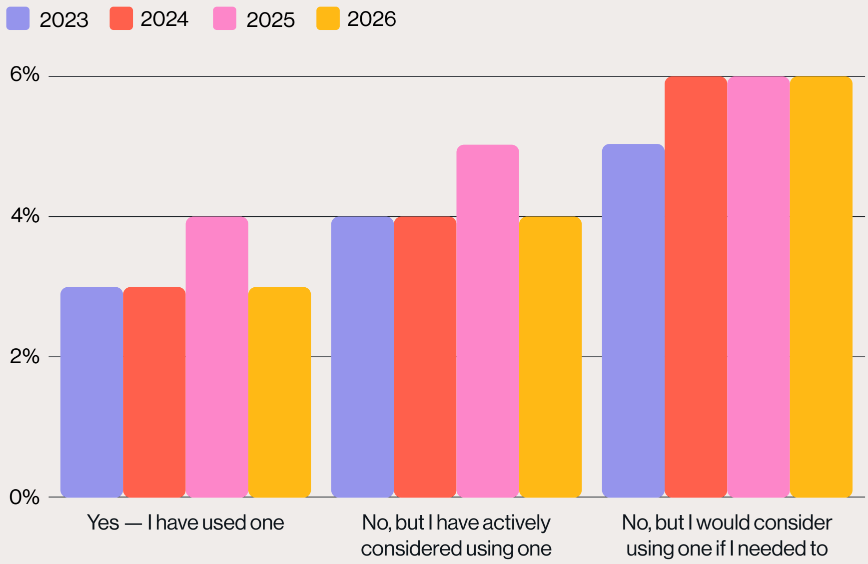
across the country engaging with potentially harmful moneylenders. 10% of respondents said they have actively considered, or would consider using a loan shark if they needed to, meaning roughly 6.97 million UK adults are at risk of engaging with loan sharks. The figure rises to 22% of 18–34-year-olds and 15% of people from ethnic minority communities – groups that our findings suggest are more exposed to financial exclusion.

The data suggests that for many loan shark users it is a last resort after attempting to access formal credit, but being declined. Among those who say credit access has become harder over the past year, the rate of loan shark use is more than double the national average (6% vs 3%).

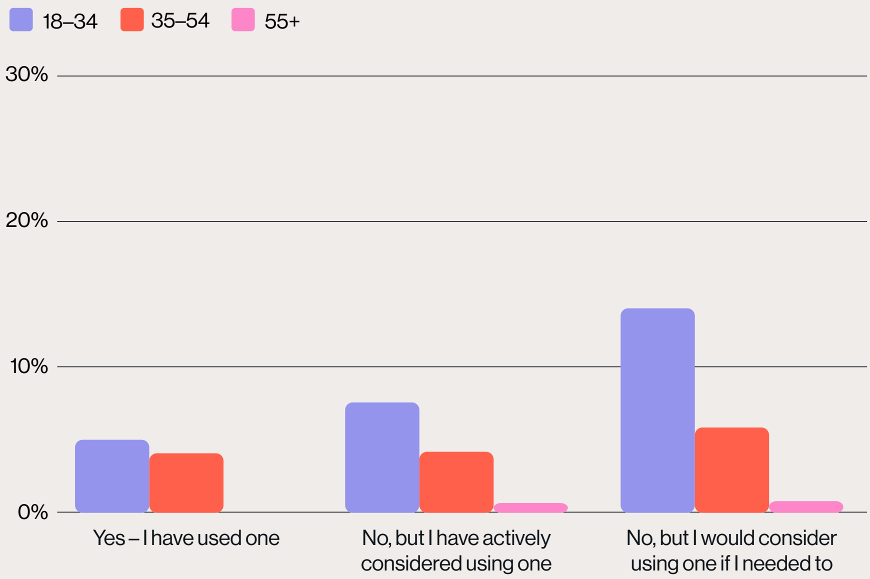
Among those declined for formal credit, nearly 1 in 10 turned to an illegal lender as a result.

Exclusion from formal credit does not extinguish the need for it, and where the regulated system closes its doors, the unregulated one remains open.

USAGE/INTEREST IN LOAN SHARKS/ILLEGAL LENDERS OVER TIME



LOAN SHARK CONSIDERATION VS AGE GROUP



THE SUPPORT GAP

AWARENESS AND THE USAGE COLLAPSE

A range of free, independent services exist specifically for people in the UK who are struggling with debt or financial hardship. Debt advice charities such as StepChange Debt Charity and National Debtline provide confidential, personalised support – helping people understand their options, negotiate with creditors, and where appropriate, set up formal debt solutions. Citizens Advice offers broader financial and legal guidance through thousands of local offices and online. MoneyHelper, the government-backed service, provides budgeting tools, guidance on benefits entitlements, and referrals to specialist debt advisers. All of these services are free at the point of use, confidential, and available to anyone in financial difficulty – not only those in crisis.

The data in this report describes a substantial and growing population for whom free, professional debt advice could provide meaningful and immediate relief. Yet the data points to a striking gap between need and use.

Of those specifically reporting difficulty repaying debt, more than a third (35%) have not used any formal support service at all.

Within this group, awareness of specific services is high but use remains low: 63% are aware of Citizens Advice, yet only 19% have ever contacted them. 22% are aware of MoneyHelper, yet only 4% have used it. The problem is not that these services are unknown – they are widely recognised and free – the problem is that awareness is not converting into action.

THE BARRIERS TO ACCESS

The data suggests that awareness is not the primary barrier. Instead, the most commonly cited barrier, reported by 28% of people, is fear of digital scams and online safety. As debt advice has increasingly moved online, this concern may be limiting access for some of the people most likely to need support.

The second most cited barrier is self-exclusion: respondents reported being unsure whether they qualify for support and assuming it is not intended for them, suggesting services may need to build customer understanding.

Other reported barriers include:

- 20% cited difficulty speaking on the phone – a barrier that may disproportionately affect disabled people, those with anxiety, and non-native English speakers
- 20% cited limited availability and long waiting times
- 19% cited difficulty travelling in person, which may point to geographic and mobility barriers

When formal support services are not being accessed, the data points clearly to where people are turning instead. Among those reporting financial difficulty, informal personal networks are the most cited source of support, with 34% turning to friends and family – making them a more

PLEND CUSTOMER CASE STUDY

BRYONY, 45

"I've looked into debt support services, but even trying to contact lenders can feel difficult when you're only dealing with chatbots and automated systems. When you're already stressed about money, it can make asking for help feel even harder and easier to put off."

common first response than any professional or statutory service.

THE COMPOUNDING EXCLUSION LOOP

Taken together, the findings suggest a pattern in which exclusion from credit and barriers to support tend to overlap. The compounding exclusion loop describes a self-reinforcing cycle in which

people experiencing financial hardship are less likely to access support services early, leading to worsening outcomes that deepen their exclusion over time.

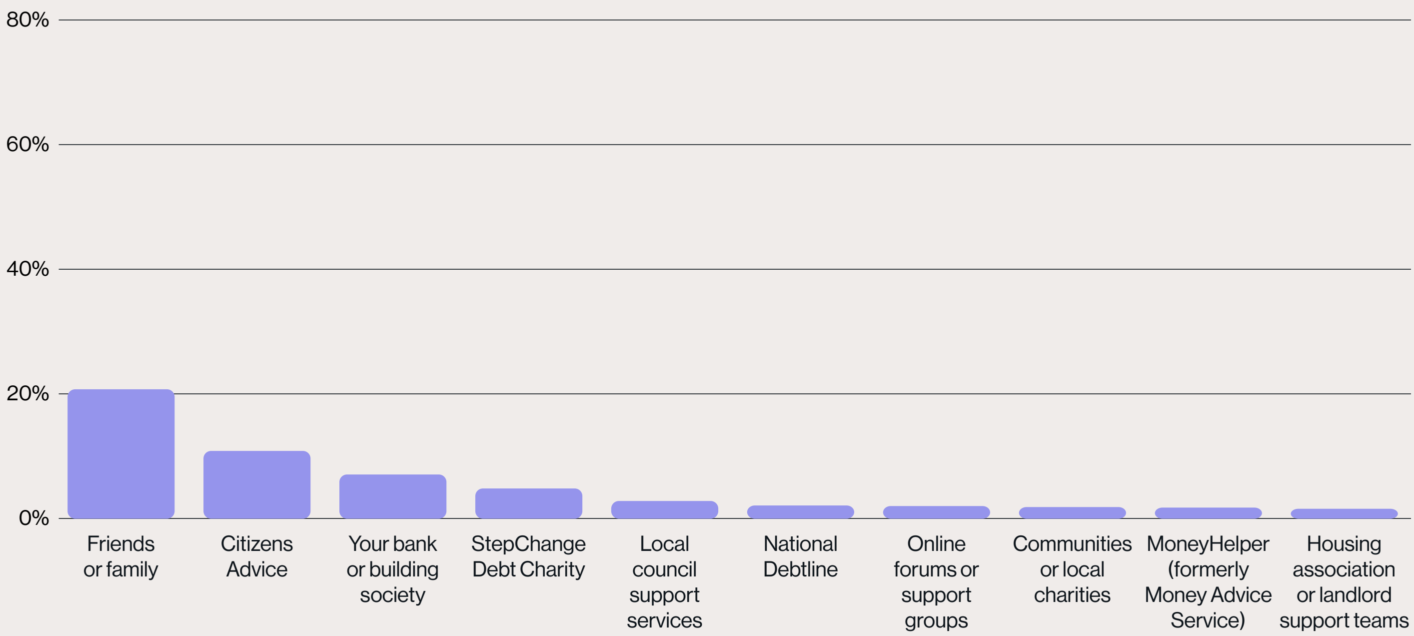
Psychological barriers such as shame, fear and low trust interact with practical barriers including digital access issues and time constraints, reducing early help-seeking. As problems escalate, engagement becomes even harder due to stress, stigma and institutional penalties. Each cycle compounds financial and social disadvantage, making future support harder to access and entrenching long-term inequality despite the availability of services.

PLEND CUSTOMER CASE STUDY

MANDY, 51

"I've thought about reaching out to debt support services, but there's a real element of shame attached to asking for help. So even though it's awful and stressful, I'd rather manage my debts on my own. I'd find a lot of shame and even more stress in seeking help."

USAGE OF SUPPORT SERVICES OVER THE LAST 12 MONTHS



THE CURRENT LANDSCAPE

The UK's financial inclusion landscape has evolved considerably in recent years, with new policy commitments and regulatory reform each contributing to a more joined-up approach. At the same time, the findings in this report point to structural barriers that persist across policy, regulation, and infrastructure – and which continue to limit access and opportunity at significant scale. If extrapolated from the findings of this survey to the UK adult population, an estimated 10 million people are not confident they could access credit if they needed it tomorrow.

NATIONAL FINANCIAL INCLUSION STRATEGY

In November 2025, HM Treasury published the **Financial Inclusion Strategy**, built around six pillars: banking, savings, insurance, credit, debt, and education. Its publication is itself a recognition that financial exclusion remains a persistent and systemic issue across the UK, and we welcome the work of the Committee.

We see the strategy as an important step rather than the final word. The findings in this report suggest that the structural drivers of the poverty premium – limited access to affordable credit, weakening confidence in the system, and the disproportionate impact on already-excluded groups – remain firmly in place. We are particularly supportive of the ongoing work on inclusive design, and the data here points to it having the greatest impact when embedded preventatively in how products and services are built, rather than activated once exclusion has already occurred.

FCA CONSUMER DUTY

The FCA's **Consumer Duty**, in force since July 2023, requires firms to deliver good outcomes for retail customers, with specific obligations toward those in vulnerable circumstances. Among these is a duty to provide consumer support – including signposting customers to free debt advice and money guidance services where appropriate. The Duty has been an important step forward in setting clearer expectations for how vulnerable customers are treated. In its review of the consumer support outcome (March 2025), based on a survey of 407 firms, the regulator found 81% of firms reported that customer-facing staff have easy access to a mechanism for recording customer vulnerability, and two-thirds (66%) now provide specialist vulnerability training.

The 2026 survey data offers some useful context for how effectively that approach is reaching people. Awareness of free support services now stands at 90% among UK adults – a strong indicator that signposting is landing at scale. Even among people specifically reporting difficulty repaying debt, 63% are aware of Citizens Advice and 22% are aware of MoneyHelper.

The gap between high awareness and lower uptake, shaped by factors this report explores, such as concerns about digital scams, difficulty with phone-based services, and uncertainty about eligibility, is precisely the kind of real-world outcome the Duty empowers the FCA and firms to keep improving. Having successfully built awareness and reset firm behaviour, the focus now turns to converting that awareness into meaningful support, particularly for customers showing early signs of repayment strain.

BNPL REGULATION

Regulation that took effect in July 2026, marks a substantial change in how BNPL operates. Under the new framework, BNPL lenders are required to seek FCA authorisation, conduct proportionate affordability assessments before extending credit, and provide clear, standardised information to consumers about what they are signing up to. This is a notable development given that 25% of current users do not recognise BNPL as a form of credit. For the first time, BNPL users can refer complaints to the Financial Ombudsman Service, and have gained statutory forbearance rights – protections that have long applied to regulated credit products but never before to BNPL.

There is, however, a possible trade-off. Affordability requirements will, by design, result in some borrowers being declined who would previously have been approved. The population most likely to be affected is also the population with the fewest alternatives – those already locked out of mainstream credit and relying on BNPL precisely because other doors have closed. The regulation may therefore strengthen consumer protection while also narrowing the options available to some of those most affected by exclusion, and it is not yet clear where that demand will go. The FCA, lenders, and community finance providers all have a role in ensuring that tighter protections do not inadvertently push the most financially vulnerable further toward potentially dangerous unregulated alternatives.

OPEN BANKING

The traditional credit scoring system was built around a particular type of borrower:

PLEND CUSTOMER CASE STUDY

MANDY, 51

The way Plend assesses applications – looking at my actual banking data instead of just a score – is so much fairer. With other lenders, I've felt so judged and penalised based on a score. With open banking, I had no problem sharing my data; it allowed Plend to make an informed decision rather than relying on the score alone. With Plend, I'm staying on top of my payments, I haven't missed one, and I'm really close to paying off all of my debt this year. I just needed someone to give me a chance.

one with a long credit history, stable employment, a mortgage, and multiple accounts. A large and growing number of people don't fit that profile – not because they are less creditworthy, but because the system was never built with them in mind.

Our research looked at people with unstable incomes – not necessarily low incomes, but ones that vary unpredictably month to month – and found they experience credit access very differently from those who match the traditional borrower profile.

- 43% of those with an unstable income are not confident they could access credit if they needed it, compared to 16% of those with a stable income
- 37% say credit has become harder to access, compared to 12% of those with a stable income
- 14% have used or would consider using an illegal lender, compared to 7% of those with a stable income

What the data also shows, however, is that this exclusion is not a reflection of actual creditworthiness. Among those with unstable incomes who have managed to access a credit card, 80% are meeting or exceeding their minimum monthly payments – 34% meet their monthly payment obligations and 46% exceed them. The problem is not that these borrowers are likely to default. The problem is that the system rarely gives them the opportunity to demonstrate otherwise.

Open banking changes this. By assessing real financial behaviour – income flows, rent payments, day-to-day spending – open banking surfaces creditworthiness that already exists but goes unrecognised by traditional scoring models.

Despite this, open banking adoption remains slow, and has not yet been mainstreamed into the credit assessment process at the scale needed to shift outcomes for people locked out of traditional credit.

AI AND ALGORITHMIC CREDIT DECISIONS: AN EMERGING RISK

The growing role of AI in credit is reshaping both sides of the application process – how decisions are made, and how applicants are verified. Each carries emerging risks that have direct implications for inclusion.

On the decisioning side, the rising use of AI and algorithmic models has clear potential to improve access, particularly when those models are built on richer, real-time financial data. But where models are trained on historical lending data, the patterns of past exclusion can be encoded into future decisions. The groups already identified as most affected by exclusion in this report – particularly those with thinner credit histories – are the groups most likely to be misrepresented in legacy training data. Without deliberate design, there is a risk that algorithmic systems will reinforce rather than reduce structural disadvantage.

JOE WIGGINS

Communications Director,
ClearScore

ClearScore

Open banking data can measure the real-world drivers of repayment ability – not just historical credit behaviour. Bureau data is valuable, but it is primarily a record of past credit performance and existing credit relationships. Open banking adds a complementary, 'here-and-now' view of a customer's cashflow and financial resilience, which are often the earliest indicators of emerging risk.

Our open banking credit risk model improves access to fair credit by providing risk separation across a wide population, so partners can expand approvals and pricing into new demographics with more confidence.

On the verification side, the rapid rise of generative AI is changing the fraud landscape. Synthetic identities, deepfake documents, AI-generated voice, and AI-assisted phishing are making fraudulent applications harder to detect and easier to produce at scale.

Taken together, these point to a need for clear standards on data inputs, model governance, and outcome monitoring, particularly as adoption accelerates.

CREDIT UNIONS AND COMMUNITY FINANCE: UNDER-RESOURCED RELATIVE TO THE PROBLEM

Credit unions, Community Development Finance Institutions (CDFIs), and other community finance providers play an important role in serving people the mainstream system underserves. These organisations offer affordable credit to borrowers who would otherwise face very limited options – often providing smaller personal loans at fair rates to people with thin credit files, irregular incomes, or prior financial difficulty. In doing so, they perform a function that neither mainstream lenders nor the market as a whole is currently structured to fulfil at scale.

Currently, 2.16 million people in the UK are members of a credit union, and the total value of loans is at a record high of £2.63 billion[3].

These figures demonstrate both the increasing demand for fair finance, and the crucial role credit unions play in supporting underserved households.

The scale of the community finance sector remains modest relative to the size of the access gap it is being asked to address. Year on year growth in the sector has not kept pace with the rise in unmet demand. Part of the challenge is structural – community finance providers typically lack the capital reserves, technology infrastructure, and distribution reach of mainstream lenders. Many operate in a funding environment that requires them to balance social mission with financial sustainability – a tension that limits their ability to grow. While government-backed schemes have provided meaningful support, the level of investment has not kept pace with the scale of the problem.

There is also a question of visibility and connectivity. Many people who could benefit from credit unions or CDFI products are not aware they exist, or face friction in accessing them. Greater integration with mainstream financial services – through referral pathways from banks, partnerships with employers, or embedding within digital platforms – could help close the gap between supply and latent demand.

Without sustained investment, regulatory support, and clearer integration into the wider credit ecosystem, the sector is likely to remain a partial rather than systemic answer to financial exclusion.

3. Bank of England, Credit union quarterly statistics – 2025

CONCLUSION

Five years into this research, the cost of living crisis and its impacts appear to be far from over for most UK households. The share of people reporting impact has risen again, trust in banks has fallen year on year, confidence in accessing credit has weakened. And, for the first time, the data points to a support system that exists, but is not being used by the people who need it most.

Financial exclusion in 2026 is not only a story about products. It is about trust and the accumulation of barriers across credit, support and the wider system. The compounding exclusion loop – being unable to access affordable credit, while also failing to engage with available support – is most evident across the demographics already most exposed: lower-income households, disabled people, ethnic minority communities, and younger adults.

There are some early indicators of improvement: the proportion of people who feel locked out has fallen for the first time in four years. Headline decline rates and average APRs have eased marginally. The Government's Financial Inclusion Strategy provides a long-overdue framework. The FCA's Consumer Duty establishes an important expectation that firms deliver good outcomes for customers. Together, these provide a blueprint to a better financial solution.

The underlying experience, however, does not appear to have followed yet. The data points to a system in which rules and mechanics may be improving, while lived experience is not.

The regulation of Buy Now, Pay Later is a welcome development. But the recent history of credit market intervention carries a warning. However, previous interventions in the credit market demonstrate that regulation alone does not guarantee better outcomes. When stricter affordability requirements contributed to the withdrawal of several major doorstep lenders, many consumers did not stop needing credit – they simply lost access to regulated providers. The lesson is not that regulation should be weakened, but that it must be accompanied by the growth of affordable, responsible alternatives. Without them, unmet demand risks being displaced towards higher-cost or illegal forms of borrowing rather than eliminated altogether.

The same principle runs throughout this report. Financial inclusion cannot be achieved by regulation alone, nor by any single product or intervention. It requires a financial system that enables responsible innovation, measures affordability fairly, expands access to appropriate credit, and ensures that support is not only available but genuinely accessible to those who need it. Technology such as open banking, inclusive product design and the responsible application of AI all have an important role to play, but only if they are deployed with the needs of financially excluded consumers at their core.

The findings in this report show that progress is possible, but it is far from inevitable. Closing the financial inclusion gap will require sustained collaboration between government, regulators, lenders, technology providers and community organisations. If the UK is serious about improving financial resilience and economic opportunity, success should not be measured solely by stronger protections or tighter rules, but by whether fewer people are excluded from affordable financial services, fewer feel forced towards harmful alternatives, and more people are able to participate confidently in the financial system.

PLEND CUSTOMER CASE STUDY

BRYONY, 45

"Without Buy Now, Pay Later products like Klarna, there are things I simply wouldn't have been able to afford when I needed them, whether that's replacing a phone or covering other essentials. For some people, it's not about luxury spending, it's a lifeline when there aren't other options available. Regulation is important, but there's a big difference between borrowing for something you want and borrowing for something you genuinely need to get by, like a washing machine."

WHAT CAN BE DONE TO SUPPORT ACCESS TO AFFORDABLE CREDIT?

Whilst policy frameworks continue to evolve, there is a parallel and equally important role for financial institutions themselves. The organisations that determine who can access credit, on what terms, and at what cost have both the means and the responsibility to act.

Plend's partnership with Triple Point, which began in 2025 and is intended to develop over the coming years, is one example of what deliberate action looks like in practice. As certified B Corporations, both organisations have a shared commitment to social impact and ensure this is embedded in their governance, not just their messaging. The partnership brings together Triple Point's ability to support underserved markets with Plend's access to open banking to reach borrowers who have been turned away by mainstream lenders, assess them on the basis of real financial behaviour, and offer credit that is manageable rather than extractive. The people this report has described are the people this partnership was designed to serve.

This is one example of how private sector collaboration can complement public policy. The findings throughout this report suggest that improving financial inclusion will require coordinated action across government, regulators, lenders, investors and technology providers. Partnerships that combine complementary expertise, responsible capital and innovative approaches to affordability have the potential to play an important role in expanding access to fair and affordable credit.

RECOMMENDATIONS FOR ENHANCING ACCESS TO AFFORDABLE CREDIT IN THE UK

1 Reform credit assessments to include open banking data

Wide-scale adoption of open banking technology for affordability and credit risk assessments is essential. By assessing real financial data – income flows, rent payments, day-to-day spending – lenders can surface creditworthiness that already exists but is invisible to traditional models. Plend has built its lending model on exactly this basis: reaching borrowers turned away by mainstream lenders, assessing them on the reality of their finances rather than the limitations of their credit file, and offering credit that is affordable and manageable.

Government should reinforce this through the National Financial Inclusion Strategy, setting a clear expectation that open banking is integrated into mainstream credit markets and exploring whether targeted incentives are needed to accelerate adoption at scale. The technology exists, the evidence exists, and the people who stand to benefit are already visible in the data.

Greater adoption should extend beyond lenders themselves to the wider credit ecosystem, including brokers, comparison sites and aggregators, which often determine how consumers access credit products. Embedding open banking more consistently throughout the customer journey would enable more consumers to benefit from fairer pricing, improved approval rates and affordability assessments based on a more complete picture of their financial circumstances.

2 Make support services accessible, not just available

The data reveals that awareness of free support services is high, but use is strikingly low. The barrier is not information – but fear of digital scams, long waiting times for appointments, and uncertainty about whether support is even meant for them are stopping people from accessing help that already exists. Signposting customers to support is now standard practice, and the way that support is designed has improved markedly in recent years. But the evidence in this report suggests the opportunity now is to build on those foundations

Lenders should move beyond reactive signposting and build proactive outreach into their customer journeys – identifying early warning signs of repayment strain and connecting customers to support before a problem becomes a crisis. Consumer Duty gives firms a ready-made framework to do exactly this: the industry can use it to hold itself to a higher bar, shifting from “we told customers about services” to “customers in difficulty are actually accessing them.”

Government should protect and invest in the free advice infrastructure – StepChange, Citizens Advice, MoneyHelper – that underpins this system. With more than a third of people in debt difficulty having never used any formal support service, the question is not whether these services exist, but whether they are designed, funded, and delivered in a way that works for the people who need them most. This means ensuring services are genuinely accessible: easy to find, non-stigmatising, and available through the channels that underserved communities actually use.

3 Establish measurable outcomes within the National Financial Inclusion Strategy

The National Financial Inclusion Strategy provides a long-overdue framework. Its publication is itself a recognition that exclusion remains a persistent and systemic issue. To translate that recognition into change, the Strategy needs clear, measurable outcomes against which progress can be tracked, covering not only access to products but the affordability, fairness, and durability of those outcomes for the groups most affected. The data in this report shows where the most meaningful indicators sit: confidence in accessing credit, reliance on informal alternatives to credit, uptake of free support, and the gap in experience between demographics. Anchoring the Strategy in measurable outcomes of this kind would give regulators, firms, and the public a shared basis for judging whether the system is genuinely becoming more inclusive and whether that is translating into positive customer outcomes. We call on HM Treasury and the cross-government Financial Inclusion Committee to commit to a defined set of measurable inclusion outcomes, covering access, affordability, and confidence, and to report against them annually, so that the Strategy is judged on whether people's outcomes improve rather than on activity alone.

4 Address the poverty premium as a measurable outcome of fair lending

This report shows households earning below the ONS median repaying credit with difficulty at nearly double the rate of higher earners – a two-tier system in which those with the least pay the most. We call on the industry to treat the poverty premium not as an unavoidable feature of risk-based pricing, but as a measurable outcome of fair lending: monitoring and reporting the gap in price, access, and refusal rates between income groups, and acting where that gap cannot be justified. Affordability cannot be assessed at the level of the individual alone while the structural disadvantage faced by lower-income borrowers goes unmeasured.

The Government's No Interest Loan Scheme (NILS) pilot was a welcome step towards improving financial inclusion and financial resilience at a time when many households continue to face significant financial pressure. Building on this foundation by establishing a permanent, sustainable nationwide NILS would represent an important milestone in tackling the poverty premium. However, any scaled-up solution must recognise that affordable interest rates are only one part of financial inclusion. Consumers also need access to credit amounts that genuinely meet their needs and help them address underlying financial challenges, reducing reliance on repeated borrowing and supporting longer-term financial resilience.

5 Close the route to illegal lending

With an estimated two million people reporting use of potentially harmful moneylenders in the last twelve months, the supply of affordable, regulated alternatives is not a niche concern but a frontline measure of financial inclusion. Every borrower pushed outside the regulated system is a failure of the system, not an enforcement footnote. We call on Government to make expanding access to affordable credit – and properly resourcing enforcement through bodies such as the England Illegal Money Lending Team – an explicit, funded priority within the National Financial Inclusion Strategy. This should sit alongside continued support for community lenders and credit unions that serve borrowers who may not be reached by mainstream providers.

As regulation of Buy Now, Pay Later (BNPL) products is introduced, including mandatory affordability checks, there is a genuine risk that consumers who have become accustomed to instant, frictionless access to embedded credit may seek alternatives elsewhere. The new regulation is both timely and welcome, but policymakers and the industry must remain vigilant to ensure that illegal and unregulated lenders do not exploit any resulting gaps in access to credit.

ACKNOWLEDGEMENTS

ABOUT PLEND

Founded in 2020 by James Pursaill, Plend exists to disrupt the £24 billion consumer lending market and extend affordable credit to the more than 20 million people in the UK underserved by traditional lenders. Powered by a proprietary open banking credit system, **Plend** provides access to genuinely affordable loans – building a fairer future for borrowers.

ABOUT THE AUTHOR

Olivia Norman is an experienced marketing professional committed to fostering societal change through her work. With a career rooted in London's dynamic impact-driven business sector since 2018, Olivia has worked with a diverse range of clients across different industries, making it her mission to support businesses that have a positive societal impact

ABOUT OPINIUM

The research was conducted by Opinium Research in March 2026 and is based on a nationally representative sample of 3,000 UK adults. Opinium is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on the pulse of what people think, feel and do.

ABOUT TRIPLE POINT

Triple Point is a specialist investment manager with a 20-year track record of originating and managing hard-to-access private market assets. The firm manages approximately £2.5bn across Private Credit, Clean Heat, Energy Transition, Social Housing and Ventures, supporting business growth, delivering sustainable infrastructure, underpinned by deep sector knowledge and extensive industry networks, Triple Point combines distinct disciplines in uncommon ways to unlock value and deliver long-term impact for clients and investors.

NOTES

Free and impartial support for people struggling with debt is available from charities like StepChange – visit **www.stepchange.org** to get started.

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