

# Exploring the links between gambling and problem debt

**Sara Davies, Jamie Evans and Sharon Collard**  
University of Bristol, Personal Finance Research Centre  
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## About this report

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## About the authors

Sara Davies is a Senior Research Fellow at the Personal Finance Research Centre.

Jamie Evans is a Senior Research Associate at the Personal Finance Research Centre.

Sharon Collard is Research Director of the Personal Finance Research Centre and Professor of Personal Finance at the University of Bristol.

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# Foreword

Firstly we extend our thanks and gratitude to the authors of this report, Sara Davies, Jamie Evans and Sharon Collard for their skill and expertise on this important research. We are also grateful for the funding from the Gambling Commission that has afforded us the opportunity to partner with the Personal Finance Research Centre at the University of Bristol to undertake this project to further understand the complex relationship between harmful gambling and problem debt.



This research has important recommendations for all organisations and firms that interact with people affected by gambling problems. Not only does it highlight the barriers people face in seeking advice but also the challenges in being able to act on the advice they've been given.

For StepChange the report provides timely feedback from our clients to inform both the refresh of our vulnerability strategy, currently in flight, and our plans for implementing the FCA's new Consumer Duty, which comes into force on 31 July 2023. We will take the findings on board to improve the support we are able to offer to people with gambling related debt, including measures to consider the 'unseen casualties' of harmful gambling.

In doing so we recognise the importance and value of working with specialist organisations to understand more deeply the drivers of vulnerability, including addiction, and we will continue to use that insight and guidance to influence our training, policy and practice.

Recent collaboration with specialist gambling organisations has helped us improve our signposting for clients affected by gambling problems. These improvements will offer a clear route through to the various areas of support in a straightforward format.

In situations where harmful gambling is not resolved it can make debt solutions unviable. We have processes in place to reassess clients' situations when a debt solution is no longer appropriate and discuss alternatives. We recognise it can be disconcerting for clients when this happens, especially when there is no viable alternative. This further highlights the need for robust signposting measures to ensure clients affected by gambling harm (included affected others) have a suitable referral into treatment and support options to help resolve the root cause.

As clients increasingly present with multiple vulnerabilities and complex situations we continue to track these vulnerabilities, learn about the needs of these clients and investigate additional support that we can offer.

Our hope is that this research will encourage further, long lasting discussion and collaboration to share best practice, learn from each other and provide the best support possible to households dealing with the impact of harmful gambling. Here we are particularly keen to continue the conversation with creditors and treatment providers to explore how we can best work together to identify, at an early stage, those at risk of gambling harm and ensure they get the help that they need.

A handwritten signature in black ink that reads "Gail Arkle".

**Gail Arkle, StepChange Director of Client Experience**

# Executive summary

A recent UK government review of gambling-related harms concluded that *“Gambling-related debt is an important driver of harm and should be a focus for future policy.”*

The existing evidence shows that higher gambling expenditure is associated with worse financial outcomes, including financial distress, lower financial inclusion and poor financial planning. There is also evidence that people who are at greatest risk of gambling-related harm are more likely to use consumer credit to fund gambling.

There is less evidence about the ways in which gambling and problem debt are linked; how people experience gambling-related debt; or the extent to which debt advice can help people address gambling-related debt. We conducted this research in partnership with StepChange Debt Charity to address these important gaps in knowledge. Our evidence base comprises:

- Analysis of management data for 206,241 StepChange clients
- Qualitative interviews with 30 StepChange clients (including eight who were affected by someone else’s gambling), and
- A stakeholder round table to look at ideas to improve the support provided to people who experience gambling problems and problem debt.

## The profile of clients who disclose gambling problems

Only around two per cent of StepChange clients over the study period had a gambling flag (which meant they had disclosed a gambling problem to StepChange), although others may have had problems with gambling they did not disclose. Most disclosures of gambling problems were made online (70% compared with 30% via telephony), despite online contacts accounting for 49% of all clients while telephony contact accounted for 51%.

Clients with a gambling flag:

- **Were more likely to be male** (71% compared with 40% of all clients)
- **Were on higher average annual incomes** (median income £18,000 compared with £15,470 for other clients)
- **Had higher unsecured debts** (£1,250 higher in Q1-2 2021)
- **Had lower arrears** (£2,178 in arrears compared with £2,791 for other clients)
- **Experienced less enforcement action** (5.5% faced bailiff action compared with 9.2% all clients).

In contrast to clients with a gambling flag, those with other, non-gambling vulnerabilities had lower salaries, higher arrears, lower debt balances (generally) and a higher likelihood of being visited by a bailiff. Clients with both gambling and other vulnerabilities and those with no vulnerability flags fell somewhere in the middle.

## The role of gambling in clients’ debt journeys

Our depth interview data showed two main gambling histories that seemed heavily gendered:

1. **Gambling as a habitual activity throughout adulthood** with a sub-set of clients where this pattern was compounded by substance misuse (mainly men).
2. **Short, sharp escalation of gambling and gambling-related debt** (mainly women).

A common factor in all these client histories is that gambling was facilitated by taking on consumer credit debt. Two other common threads were the pandemic lockdowns as a trigger for gambling escalation; and the incentives offered by gambling operators as a motivation for gambling.

For most clients, gambling was the primary or sole reason for their debt problems. Typically, they had used consumer credit – overdrafts, personal loans, and credit cards (prior to the April 2020 ban) – to fund gambling, to the point where all lines of credit were exhausted. This accounts for the high levels of unsecured consumer credit debt seen in the client data.

Another cause of problem debt, especially among affected others, stemmed from using consumer credit to fill the financial hole left by gambling to keep household finances afloat, because the person gambling was spending their earnings on gambling.

Secrecy was often a defining feature in the production of gambling-related debt. This could result in significant delays in people seeking advice, which in turn impacted the options open to them by the time they did.

## Client journeys out of debt where gambling is an issue

Most StepChange clients wait over a year before accessing debt advice and almost all of them find their debts to be a heavy burden before getting debt advice. While this was equally true for clients affected by gambling problems, our interview data also highlighted specific barriers that prevent people getting help sooner where gambling is an issue:

- **For clients who gamble:** not feeling ready or able to stop gambling; or feeling overwhelmed by the combination of problem debt and gambling addiction (and in some cases other issues such as substance misuse).
- **For affected others:** being unable to talk to creditors about debts that are in a partner's name; being the victim of gambling-related fraud by a partner or ex-partner; being wholly or partly unaware of gambling problems and gambling debt.

The clients we interviewed generally only sought help when their debts no longer felt manageable. For those who gambled, this was often accompanied by a recognition that their gambling was out of control. Clients also described high levels of stress, anxiety, sleeplessness and even suicidal thoughts. Gambling-specific triggers to getting help included telling family members about their gambling problem and gambling-related debts; family members finding out about it; or wanting to save a personal relationship or make a 'fresh start'.

Gambling treatment and support services were a common feature in clients' journeys. And, like creditors, they were an important source of signposting to StepChange. It was encouraging that most of the clients we interviewed felt their debts were now under control with the help of StepChange. Where clients felt their debts were not fully under control, the reasons included changes in circumstance that meant debt payment arrangements were not sustainable; feeling overwhelmed at the prospect of self-negotiating with their creditors; or being in the process of pursuing a different debt solution than the one suggested by StepChange. Gambling was generally not a reason why these clients felt their debts were not fully under control, as they had cut back or stopped.

## Key insights and ideas for change

Three key insights from the research are that:

1. ***The intersection between harmful gambling and access to consumer debt can lead to extremely complex situations.*** While debt advisors cannot be expected to be experts on harmful gambling (or other non-financial vulnerabilities), they nonetheless need to take it into consideration when interacting with clients and giving advice, in line with the [FCA's guidance](#) on the fair treatment of vulnerable customers and the [new Consumer Duty](#).
2. ***If harmful gambling is not addressed, then any debt resolution is likely to be temporary.*** Debt advisors and creditors should therefore routinely signposting people at risk of gambling harm to a range of different sources of help (including things they can activate themselves like gambling blocks), as our findings show there is no 'one size fits all' answer.
3. ***Affected others are the unseen casualties of gambling-related debt.*** Our small sample of affected others suggests that more can be done to support people harmed by someone else's gambling and gambling-related debt in a timely way, including to protect their own finances and recognise signs of financial or economic abuse.

Underpinning stakeholders' ideas about how to better support people affected by both debt and gambling problems was an aspiration for more consistent cross-sector partnership working that extended to other addiction and mental health support services; and greater efforts by financial services firms around proactive early identification of potential gambling problems, for example using transaction data analysis.

Reflecting the pressing need for more holistic and joined-up help, the new [Regional Alliances](#) planned as part of the National Gambling Treatment Service to deliver support and treatment to individuals affected by gambling harms will be required to establish pathways into wraparound services such as debt advice, housing, relationship advice, and mental health support. As evidence emerges about the complementary and mutually reinforcing benefits of debt advice and gambling treatment and support, it may be time to consider whether debt advice should be routinely funded as part of gambling treatment and support interventions and programmes.

In addition, the experiences of the debt advice clients we spoke to corroborates the need to introduce consistent indicators to identify harms, as proposed by the Gambling Commission; and to ensure that, as a priority, gambling operators produce thresholds for the assessment of significant unaffordable losses over time.

# 1 Introduction

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## 1.1 Why is this important?

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***“Gambling-related debt is an important driver of harm and should be a focus for future policy.”***

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A recent UK government review of gambling-related harms found that gambling-related debt is a crucial harm that can lead to relationship problems, physical and mental health problems, and crime. The financial difficulties and debt experienced by people who gamble and those affected by someone else’s gambling (known as affected others) are often severe. Gambling can lead to bankruptcy and housing problems including eviction and homelessness. Financial harms also affect the children of people who gamble (GOV.UK/Public Health England, 2021a). The review concluded that *“Gambling-related debt is an important driver of harm and should be a focus for future policy”* (GOV.UK/Public Health England, 2021b, page 9).

The evidence base includes a major academic study of UK bank customer transaction data which shows that higher gambling expenditure is associated with worse financial outcomes, including financial distress, lower financial inclusion and poor financial planning. A 10% increase in absolute gambling spend was found to be associated with:

- an increase in high-cost payday loan uptake by 51.5%<sup>1</sup>
- an increase in credit card use by 11.2%
- the likelihood of missing a mortgage payment by 97.5% (Muggleton et al, 2021).

There is also evidence that people who are at greatest risk of gambling-related harm are more likely to use consumer credit to fund gambling. In a consultation that led to a ban on gambling using credit cards in Britain, the Gambling Commission found *“a pronounced disproportionate relationship between credit card use and those at the greatest risk of experiencing harms”* with 38% of all ‘problem gamblers’ using a credit card for gambling, compared with 8% of non-problem gamblers. Similarly, ‘problem gamblers’ were more likely to gamble using an overdraft (28% vs 1% of non-problem gamblers), payday loans (20% vs 0% of non-problem gamblers) and other loans (18% vs 0% of non-problem gamblers) (Gambling Commission, 2019a). Among people being treated for gambling disorder in Britain, 63% have debts due to gambling; most of this group have debts over £5,000 or are personally insolvent (GambleAware, 2021).

By comparison, there is much less evidence about the ways in which gambling and problem debt are linked; how people experience gambling-related debt; or the extent to which debt advice can help people address gambling-related debt. Our research aims to address these important gaps in knowledge.

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<sup>1</sup> The study analysed UK bank customer data from 2014-2019 when payday lending was a bigger market than it is today.

## 1.2 This research

We conducted this research to better understand the ways in which gambling and problem debt are linked, how they exacerbate each other, and whether this influences advice-seeking behaviour.

The research set out to answer three key questions:

1. What role does gambling play in the production of debt in households where there is gambling?
2. Does gambling impact on seeking help with debt, either preventing or facilitating people in these households addressing their debt problems?
3. Based on the research findings, are there ways to reduce the harm caused by gambling-related debt among people who are harmed by gambling and have problem debts?

We used the following research methods to answer these questions:



**Analysis of StepChange client data:** We analysed management data for 206,241 StepChange clients for the period Q3 2019 to Q2 2021. Two per cent of these clients had a 'gambling flag' which meant they had disclosed gambling problems to StepChange. The findings are reported in Chapters 2 and 4.



**Qualitative interviews:** We conducted 30 one-to-one depth interviews with StepChange clients (both those with gambling problems and affected others) to better understand the relationship between gambling and problem debt, and to explore different client outcomes. The findings are reported in Chapters 3 and 4.



**Stakeholder Workshop:** An online workshop was held with stakeholders from the debt advice sector, the credit sector, gambling support and employer representatives to discuss the finding and to co-produce policy-focussed recommendations and conclusions. The findings are reported in Chapter 5.

2 What is the profile of StepChange clients who disclose gambling problems?

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# Summary

Our analysis of StepChange client data covers the period Q3 2019 to Q2 2021 – a period which saw the onset of social restrictions in response to the COVID19 pandemic (March 2020) with sporting events suspended and gambling venues closed; as well as the introduction of a ban on gambling with credit cards in Britain (April 2020).

Only around two per cent of StepChange clients over this period had a gambling flag, although others may have had problems with gambling they did not disclose. Most disclosures of gambling problems were made online (70% compared with 30% via telephony), despite online contacts accounting for 49% of all clients while telephony contact accounted for 51%.

Our analysis shows striking differences between clients with a gambling flag compared to other clients. Clients with a gambling flag were:

- **More likely to be male** (71% compared with 40% of all clients)
- **On higher average annual incomes** (median income £18,000 compared with £15,470 for other clients)
- **Had higher unsecured debts** (£1,250 higher in Q1-2 2021)
- **Had lower arrears** (£2,178 in arrears compared with £2,791 for other clients)
- **Experienced less enforcement action** (5.5% faced bailiff action compared with 9.2% all clients).

In contrast to clients with a gambling flag, those with other, non-gambling vulnerabilities had lower salaries, higher arrears, lower debt balances (generally) and a higher likelihood of being visited by a bailiff. Clients with both gambling and other vulnerabilities and those with no vulnerability flags fell somewhere in the middle.

These new insights are important because they can inform how debt advice services respond to clients in different vulnerable situations to achieve good outcomes.

## Technical notes

- Using management data for 206,241 StepChange clients from the period Q3 2019 to Q2 2021, we measured the extent to which gambling is an issue among debt advice clients.
- We conducted descriptive and regression analysis to determine if there are particular types of clients impacted by gambling; the debt profiles of clients with gambling flags and those without; and the outcomes for these two groups.
- Although we cleaned the data to remove obvious outlying values, our analysis focuses mainly on median average values, as mean average values can still be skewed by extreme values.
- Our linear regression analyses control for: interaction channel; quarter; gender; ethnic group; age group; household composition; tenure; region; employment status; and income band.

## 2.1 What is the profile of StepChange clients who disclose gambling problems?

Our analysis found that the presence of a gambling flag was relatively rare; **only around two per cent of clients had a gambling flag** (4,195 of the 206,241 clients in our dataset).

- 1,559 put gambling as both a ‘vulnerability’<sup>2</sup> and ‘reason for debt’<sup>3</sup> (0.76% of all clients)
- 1,514 put it only as a reason for debt (0.73%)
- 1,122 put it only as a vulnerability (0.54%).

It may be the case that more clients experienced gambling problems but did not disclose them to StepChange, for example because they did not feel their gambling was an issue or they were reluctant to discuss it. Compared to some other vulnerabilities (such as physical health problems), there may be no visible signs that someone is experiencing harmful gambling (Collard and Cross, 2021).

There were some marked differences in the personal circumstances and financial situations of clients with a gambling flag compared to those without:



**71% of clients with a gambling flag were men** compared with 40% of all clients in our dataset. However, **a greater proportion of women** were disclosing gambling problems in more recent months compared to 2019 (24% of clients with a gambling flag in 2019 Q4 were women, rising to 32% in 2021 Q2).



**59% of clients with a gambling flag were aged 25-39** compared with 45% of all clients. They were also more likely to be single without children (51% with a gambling flag compared with 44% of all clients)<sup>4</sup>; and to be living with family rather than other forms of tenure such as renting (27% with a gambling flag compared with 14% of all clients).



**Clients with a gambling flag had a higher median annual income** of £18,000 compared with £15,470 for those without (Figure 2.1). This reflects that a higher proportion of clients with a gambling flag **were employed or self-employed full-time** (65% compared with 36% of all clients). As a result, these clients tended to have a budget surplus once core expenditure was deducted from their income.

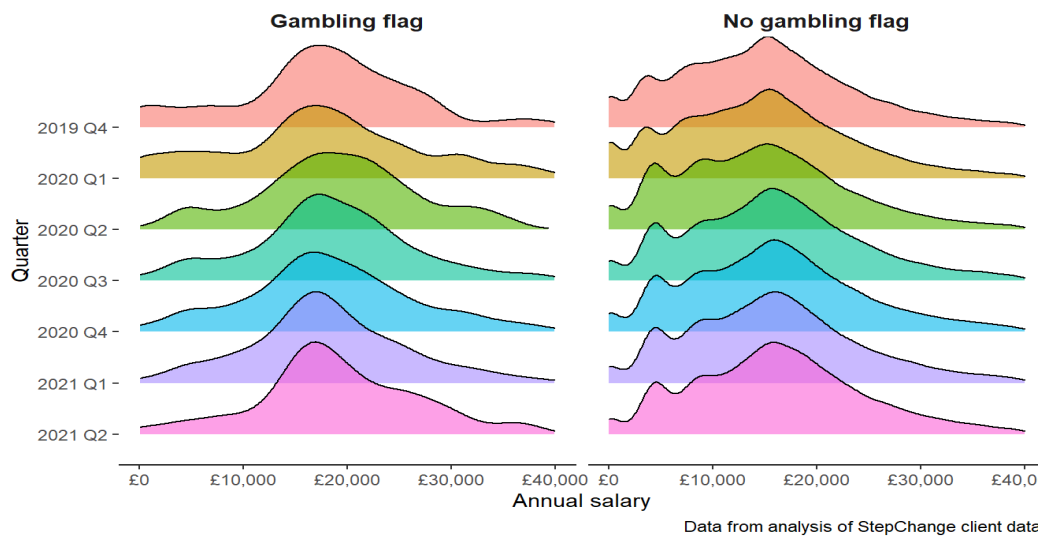
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<sup>2</sup> ‘Vulnerability’ includes physical health conditions, mental health conditions, learning disabilities, sight or hearing difficulties and other situations which can make dealing with problem debt particularly difficult. Clients can have multiple types of vulnerability.

<sup>3</sup> ‘Reason for debt’ is information provided by a client or a StepChange advisor at the time of advice and describe the reasons or situations which caused, or significantly contributed to, a client’s debt issue.

<sup>4</sup> The proportion of clients with a gambling flag who were single with children increased from 10% in 2019 to 13-15% in 2021, which may reflect the increase in women with a gambling flag.

Figure 2.1: Annual Income by quarter and gambling flag



There were some **geographic variations**, so that clients with gambling flags were more likely to live in the North-West of England (16% compared with 13% of all clients), Yorkshire (12% compared with 10%) and Scotland (8% compared with 5%).

Finally, there were notable differences by **advice channel**: 70% of the gambling flag disclosures were from those whose debt advice was delivered online, compared with 30% via telephony, despite online contacts accounting for 49% of all clients with telephony contact at 51%. From the middle of 2020 onward, usage of the online self-service channel increased generally, but this increase was sharper among clients who disclosed a gambling issue. This suggests that the comparative anonymity of online advice encourages disclosure; or that clients with gambling issues are more likely to seek and be able to receive debt help online.

## 2.2 Do clients with gambling flags have different debt profiles?

Our analysis shows that the debt profile of StepChange clients with a gambling flag was different to other clients in three main ways:

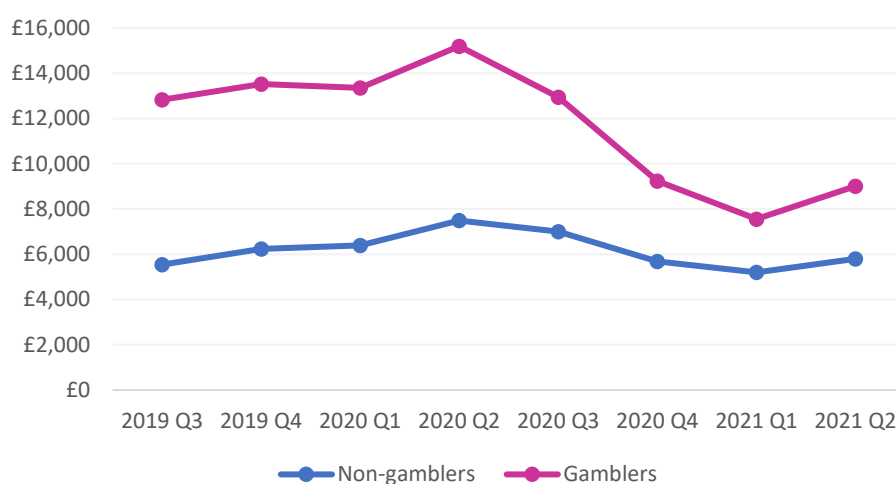
- **Higher unsecured debts** (£1,250 higher for clients with a gambling flag in Q1-2 2021)
- **Lower arrears** (£2,178 in arrears compared with £2,791 for clients without a gambling flag)
- **Less enforcement action** (5.5% faced bailiff action compared with 9.2% of all clients).

### 2.2.1 Levels of unsecured debt

Over the entire study period (Q3 2019 to Q2 2021), the median unsecured debt balance for those clients with gambling flags (£10,235) was considerably higher than for those without (£6,033). Over a quarter of clients with a gambling flag (28%) had debts of £20,000 or more, compared with around one in six clients without a gambling flag (17%).

However, as Figure 2.2 shows, these amounts fluctuated over time, and the debt balances of clients with a gambling flag varied far more than clients without. Median debt balances peaked in Q2 2020, at which point the average debt balance of clients with gambling flags was double that of clients without a flag. By Q2 2021, the median unsecured debt balance for clients with a gambling flag was £9,013, compared with £5,800 for clients without a flag.

Figure 2.2 Median Debt balance by quarter and gambling flag



Even when controlling for other factors (such as age, income and employment status), on average throughout the whole period under observation those with gambling flags typically had unsecured debts that were £2,900 higher than those without gambling flags. This was approx. £4,400 in Q3 2019 to Q1 2020. By Q1-2 2021, it had fallen to £1,250.

The type of gambling flag appears to matter substantially. Clients who were flagged for gambling as a vulnerability had significantly lower debt balances on average (by £600), while those who listed gambling as a reason for their debt have balances higher by nearly £4,000.

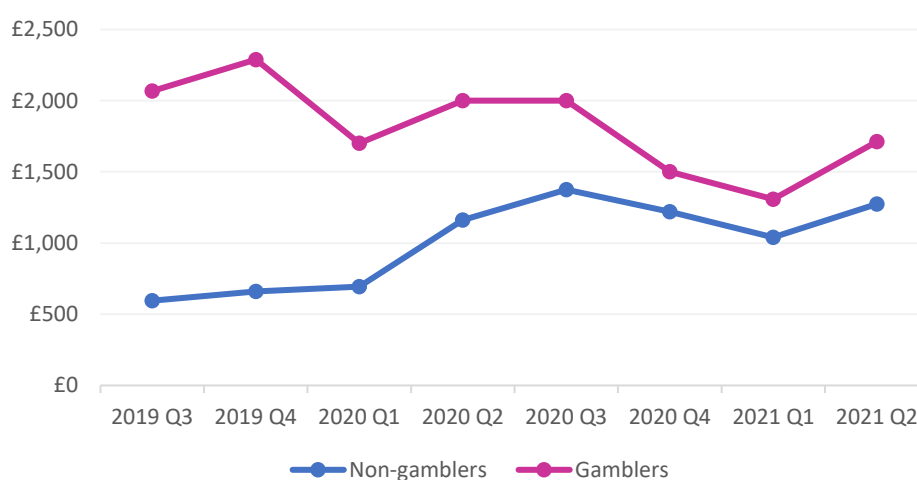
## 2.2.2 Debt composition

Our analysis shows that clients with gambling flags had a quite different debt composition to those without.

Looking first at **credit card debt**, clients with a gambling flag owed more than clients without, but this gap narrowed over time. The difference was significant for the period between 2019 Q3 to 2020 Q1, where clients with a gambling flag typically owed £1,900 more. However, the gap narrowed not just because the credit card balances of clients with a gambling flag decreased, but also because the balances of clients without a gambling flag increased (Figure 2.3).

All else being equal, before the start of the pandemic in March 2020, clients with a gambling flag had a greater proportion of debts on credit cards than clients with no flag. This relationship flipped after the ban on gambling using a credit card was introduced in Britain in April 2020.

Figure 2.3: Median Credit Card Debt by quarter and gambling flag



One factor that may partially explain the increase in the credit card balances of clients without gambling flags over time is that the average income of this group also increased over the same period<sup>5</sup>, and analysis of the data indicates that higher incomes are typically correlated with higher credit card balances. Conversely, there may have been downward pressure on the credit card balances of clients with a gambling flag, as the change in circumstances may have led them to seek help earlier.

Looking at **other types of unsecured debt**, our analysis shows that (when controlling for other factors) compared to those without a gambling flag, clients with a gambling flag had significantly higher:

- Overdraft debts (by around £330)
- Payday loan debts (by around £370)
- Personal loan debts (by around £1,775).

Clients with a gambling flag also tended to have more types of debt, with an average 2.6 different debt types among these clients, compared with 2.1 debt types for clients with no gambling flag.

<sup>5</sup> For example, the median annual income of those without gambling flags was £14,580 in 2019 Q4 but increased to £15,600 by 2020 Q4. For those with gambling flags meanwhile annual income decreased very slightly from £18,100 to £18,000.



### 2.2.3 Arrears and enforcement

Arrears balances over the whole study period were generally lower for clients with gambling flags (median = £300, mean = £2,178) than those without (median = £846, mean = £2,791). This was the case across all types of household bills, as Table 2.1 shows. These clients also had a lower number of types of arrears: a mean of 0.46 types of arrears compared with 0.81 for clients with no gambling flag.

Table 2.1: Mean arrears balance by gambling flag, Q3 2019 to Q2 2021

Mean Arrears Balance (£)	Gambling Flag	No Gambling Flag
Council Tax	£190.16	£308.44
Dual Fuel	£71.56	£140.14
Electricity	£42.06	£130.68
Gas	£21.80	£54.94
Mortgage	£32.71	£77.43
TV Licence	£2.56	£3.29
Water	£110.27	£179.40
<b>Overall mean</b>	<b>£2,178.27</b>	<b>£2,791.17</b>
<b>Overall median</b>	<b>£300.00</b>	<b>£846.00</b>

Reflecting this pattern of lower arrears, clients with a gambling flag were:

- Less likely to have experienced bailiff action (5.5%, compared with 9.2% of all clients)
- Less likely to have faced a form of debt enforcement (6.8%, compared to 11.4% of all clients).

The fact that clients with a gambling flag generally had higher incomes but also higher levels of unsecured debt, lower arrears and less enforcement action helps explain the course of action that was recommended by StepChange. We explore this data in Chapter 4.

## 2.3 Other vulnerabilities

Table 2.2 below shows that StepChange clients with a non-gambling vulnerability flag have a very different profile to those with only a gambling flag. Notably, those with other vulnerabilities had:

- **Lower salaries** (£15,000 on average compared with £20,000+ for those with a gambling flag)
- **Higher arrears** (on average over £3,000 compared with £1,690)
- **Lower unsecured debt balance** (on average around £10,000 compared with over £16,000)
- **A higher likelihood of being visited by a bailiff** (11% compared with 3%).

Clients with both gambling and other vulnerabilities and those with no vulnerability flags fall somewhere in the middle.

**Table 2.2 Means for different variables, by whether has a gambling flag and/or other vulnerabilities**  
Darker green indicates higher value within row.

Variables		Gambling flag only	Other vulnerability only	Both gambling & other vulnerability	Neither
Income & Expenditure	Annual income	20,578.64	15,013.93	17,569.93	17,312.93
	Monthly income	1,714.89	1,251.16	1,464.16	1,442.74
	Monthly expenditure	1,356.71	1,199.00	1,282.92	1,316.07
	Surplus or Deficit	358.18	52.15	181.24	126.66
	Universal Credit	70.96	285.92	166.42	210.56
	Total Benefits	117.22	583.01	397.34	367.60
Arrears	Arrears Balance	1,690.88	3,256.53	2,837.12	2,308.20
	Council tax arrears-Arrears Balance	150.12	368.60	267.33	245.32
	Dual fuel arrears-Arrears Balance	49.79	170.66	93.61	108.28
	Electricity arrears-Arrears Balance	31.18	164.12	57.10	95.58
	Gas arrears-Arrears Balance	10.00	69.29	30.62	39.99
	Mortgage-Arrears Balance	13.89	93.70	48.26	60.35
	TV licence arrears-Arrears Balance	1.05	4.40	4.53	2.14
	Water arrears-Arrears Balance	82.75	225.25	165.44	131.64
Debts	Unsecured Debt Balance	16,386.43	9,882.46	14,042.14	12,436.94
	Catalogue-Debt Balance	328.24	629.75	513.45	596.43
	Credit card-Debt Balance	5,560.34	3,949.38	5,150.69	5,260.40
	Overdraft-Debt Balance	947.97	508.10	885.86	598.66
	Payday loan-Debt Balance	710.10	154.92	543.93	192.69
	Personal loan-Debt Balance	7,396.25	3,278.95	5,607.63	4,527.13
	Secured loan-Debt Balance	201.22	210.99	222.19	231.35
	Store card-Debt Balance	69.43	144.47	106.62	158.93
Enforcement	Bailiff	3%	11%	8%	7%

### 3 What is the role of gambling in clients' debt journeys?

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# Summary

We carried out in-depth qualitative interviews with 30 StepChange clients to understand the role of gambling in the production of problem debt; and people's routes into problem debt where gambling is an issue. Most of them had self-disclosed gambling problems to StepChange but we also interviewed eight clients who were affected by someone else's gambling (including one who had a gambling problem themselves).

The interview data showed two main gambling histories that seemed heavily gendered:

3. **Gambling as a habitual activity throughout adulthood** with a sub-set of clients where this pattern was compounded by substance misuse (mainly men).
4. **Short, sharp escalation of gambling and gambling-related debt** (mainly women).

A common factor in all these client histories is that gambling was facilitated by taking on consumer credit debt. Two other common threads were the pandemic lockdowns as a trigger for gambling escalation; and the incentives offered by gambling operators as a motivation for gambling.

For most clients, gambling was the primary or sole reason for their debt problems. Typically, they had used consumer credit – overdrafts, personal loans, and credit cards (prior to the April 2020 ban) – to fund gambling, to the point where all lines of credit were exhausted. This accounts for the high levels of unsecured consumer credit debt seen in the client data, as reported in Chapter 2.

Another cause of problem debt, especially among affected others, stemmed from using consumer credit to fill the financial hole left by gambling to keep household finances afloat, because the person gambling was spending their earnings on gambling.

Secrecy was often a defining feature in the production of gambling-related debt. As we discuss in Chapter 4, this could result in significant delays in people seeking advice, which in turn impacted the options open to them by the time they did.

## Technical notes

- StepChange sent an email to 1,861 clients with a gambling flag inviting them to participate in a research interview. To recruit clients who were affected by someone else's gambling, StepChange sent an email to 3,681 clients who had first received advice in the period between July 2019 and December 2021.
- The 129 clients who responded that they were happy to be interviewed completed a short form and their contact details were passed to the research team at the Personal Finance Research Centre to arrange the interview.
- The interviews were conducted by videoconference or telephone between November 2021 and March 2022. They were fully transcribed and anonymised for analysis.
- Clients who participated in the research received a £35 e-voucher as a thank you.

## 3.1 Participant background

We carried out in-depth qualitative interviews with 30 StepChange clients, to understand the role of gambling in the production of problem debt; and people's routes into problem debt where gambling is an issue. Of the 30 clients we interviewed:

- 22 had a gambling flag on their StepChange file because they had disclosed problems with their own gambling
- 7 had been financially affected by someone else's gambling<sup>6</sup>
- 1 had a gambling flag on their file but was also affected by someone else's gambling.

We purposely selected clients to interview based on their age (ranging from clients in their 20s to those in their late 60s); household circumstances (e.g. living alone or with a partner); and whether or not they had dependent children.

Of our 30 participants, 16 were men (all with gambling flags) and 14 were women (seven with gambling flags and seven affected others). Most of the clients we spoke to were employed at the time of the interview. While the data analysis reported in Chapter 2 found that clients with a gambling flag had higher median incomes, our interviewees included clients on relatively low and modest incomes.

Online gambling was very common among the clients we interviewed. Some participants (mainly men) had started gambling in bricks-and-mortar venues and continued to do so, often on fixed odds betting machines in bookies or pubs.

## 3.2 Gambling histories

While clients' experiences and stories are unique, the interview data showed two main patterns of gambling that seemed heavily gendered:

5. **Gambling as a habitual activity throughout adulthood** (mainly men)
6. **Short, sharp escalation of gambling** (mainly women).

A third, less common, pattern of gambling saw clients experience a short period of heavy gambling linked to a difficult life event.

As we go on to discuss, a common factor in all these client histories is that gambling was facilitated by taking on consumer credit debt. Two other common threads were the pandemic lockdowns as a trigger for gambling escalation; and the incentives offered by gambling operators in the form of free bets or spins, or even free Christmas hampers, as a reason for starting to gamble or to gamble more. As Greg<sup>7</sup> (who had gambled habitually throughout his adult life) describes:

*"I think it coincided with the lockdown and kind of yes low mental health, boredom, a lot of things going on at that time and I think it just started with an offer that I'd got through email for kind of a £10 free ... it was a special offer and just went from there and kind of spiralled out of control quite quickly."*

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<sup>6</sup> We originally aimed to interview equal numbers of clients who personally had gambling problems and those who were affected by someone else's gambling. However, it proved difficult to identify and recruit affected others.

<sup>7</sup> We have changed the names and some personal details of the clients we interviewed to preserve their anonymity.

Helen also found her gambling spiral out of control as the pandemic took hold in the UK:

*“I had been developing a gambling addiction, but at the start of Covid it just got completely out of control because I was worried about my family, I knew certain jobs they were in they probably wouldn’t be able to work and at that point we didn’t know about furlough... So basically I started gambling to try and win money to help my family and that didn’t happen and I got into a real mess.”*

In fact, it was not uncommon for clients who gambled to try to recoup their losses through gambling, in the hope that winning would resolve their debt issues. In cases where clients had wins – which ranged from a few hundred pounds to over £10,000 – the money was usually gambled away.

### 3.2.1 Gambling as a habitual activity throughout adulthood

A common pattern for men in the interview data was for gambling to start young, in many cases in their late teens, and continue into adulthood. It tended to start as a social activity, for example part of socialising with friends or interest in sport but often escalated when they began gambling online. Over time, their gambling (and gambling-related debt) ebbed and flowed depending on factors such as their income, life circumstances, and access to credit.

This pattern of gambling meant that debts built up over time. In some cases, these clients had previously taken steps to deal with their debt, either on their own or with the help of a debt advice service. This tended to be no more than a temporary stop-gap as almost inevitably they accrued further debt because they continued to gamble. Addressing their gambling problems therefore seemed key to resolving their debt issues.

Harmful gambling is associated with a range of co-occurring issues (GOV.UK/Public Health England, 2021a), and there was a sub-set of clients where this pattern of habitual, long-term gambling was compounded by substance misuse – alcohol, recreational drugs or both. These behaviours were intertwined, often began at around the same time in life, and one often triggered the other, as Jon describes:

*“The gambling took over because at the time I did have a cocaine drug problem and I just found I didn’t want to stay indoors because I knew I could call out and get it, so it was ‘let me get out’. I’ve always been a drinker and a smoker but because I’ll go to a pub and I’ll feel like I just need a beer, I’m just going for one. And then it was go for one and it just got a routine going straight to the machine and before I knew it, it was just like the world didn’t matter.”*

This combination of behaviours appeared to make it harder for clients to reduce or stop gambling. It was not uncommon for them to stop gambling for a while, but to then lose resolve while on a night out that involved alcohol and/or recreational drug use and wake up having lost money gambling. There were cases of clients in this situation who also had uneven work histories, possibly linked to gambling and substance misuse, which impacted their financial situation and debt problems.

### 3.2.2 Short, sharp gambling escalation

In contrast, women clients with gambling flags tended to describe relatively short gambling histories – from gambling occasionally or not at all to a steep and rapid escalation in the amount they gambled. Women in this situation mainly gambled online, often bingo or slot machines. The levels of debt built up were extraordinarily high given the short time frames involved – often several thousand or even tens of thousands of pounds within a year or two.

There were no clear patterns in the apparent motivation for this rapid escalation of gambling: it could be triggered by wanting to recapture a thrilling win, borne out of loneliness after becoming a single mother or the appeal of offers of free bets or spins from gambling operators.

Carol, a single parent in her 50s, only began playing online bingo a few years ago, hoping to win enough money to pay off debts she had accrued over many years. This quickly escalated and gambling became an escape from her debt problems, as she describes:

*“I know it seems silly at my age it just grabbed hold of me, you know, the colour, I don't know, just the games on it... when I started getting these [debt collection] letters, I went to the pub and I went on the machines, it shut me off for a couple of hours from thinking about it.”*

While some of the men ‘habitual’ gamblers (described above) recognised their gambling was an issue for a while before addressing it, for the women we interviewed it tended to be the inability to manage their debt that helped them recognise that their gambling was a problem.

### 3.2.3 Brief period of heavy gambling

The third, and least common pattern of gambling in our interview data was clients who had always been ‘social’ gamblers – gambling occasionally and not getting into debt because of it – until a difficult life event or an emotional response to a situation triggered a brief period of heavy gambling.

Rob, for example, had always bet occasionally on horse racing or football. When his father died, he found himself gambling online as a way of coping with his bereavement:

*“For me it was somewhere I can get away and just, you know, lock myself away from everybody, everything and even though I was losing, I wasn't conscious of what I was losing at the time”.*

Rob's debts were not only related to gambling, however this period of heavy gambling left him unable to meet his repayments, which led him to seek help and take steps to reduce the amount he gambled. Clients like Rob with this pattern of gambling were generally able to return to their ‘social’ pattern of gambling without getting back into debt.

## 3.3 The role of gambling in the production of problem debt

As the gambling histories suggest, gambling played a major role in the production of problem debt among the clients we interviewed, whether they had a gambling problem themselves or were affected by someone else's gambling. There were three key mechanisms by which gambling played a role in the production of problem debt that we describe below:

1. **Gambling is funded by debt**
2. **Gambling makes debt unmanageable**
3. **Debt fills the financial hole left by gambling.**

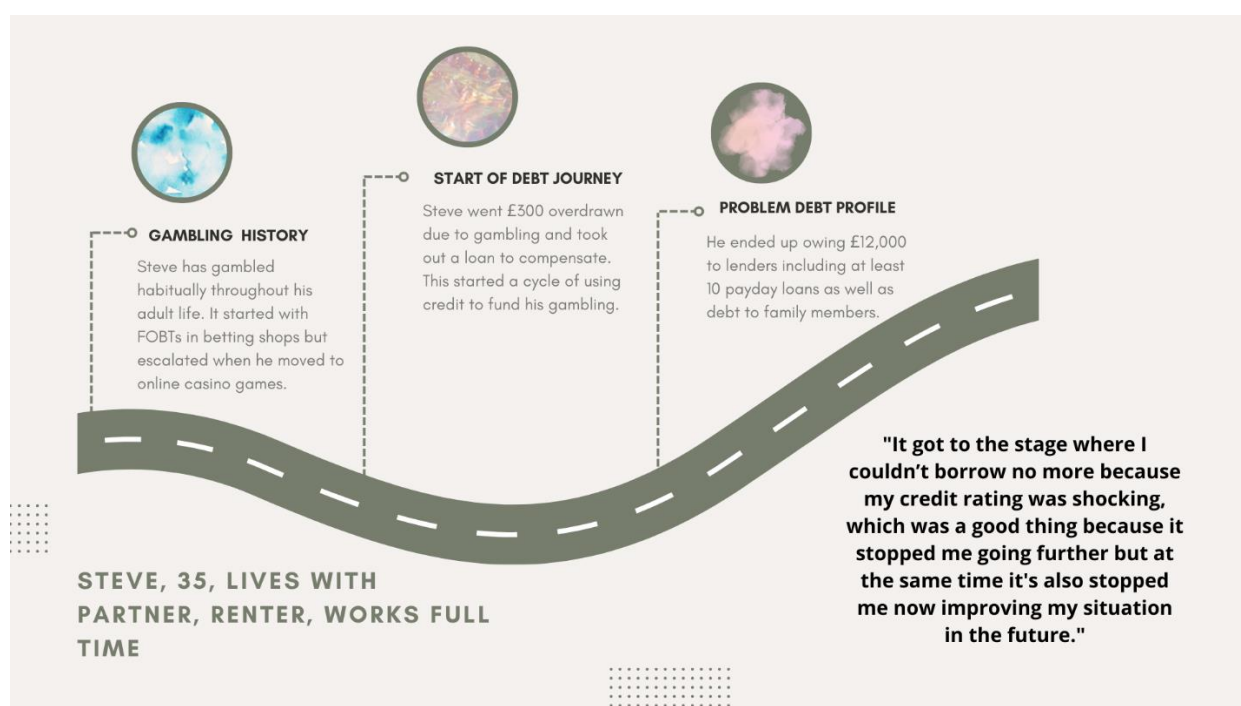
In real life, these mechanisms were often inter-related, so for example debt-funded gambling could make a household's overall debt burden unmanageable.

### 3.3.1 Gambling is funded by debt

For most of the clients we interviewed, gambling was the primary or sole reason for problem debt – as Steve's journey below shows (Figure 3.1). This was because they had used consumer credit - in the form of overdrafts, personal loans, and credit cards (prior to the April 2020 ban) - to fund gambling, to the point where all lines of credit were exhausted. We saw this mechanism at play across all three types of gambling history.

As we described in Chapter 2, on average clients with gambling flags had higher unsecured debts, explained in part by their higher average income. Among the clients we interviewed, it was not uncommon for them to have tens of thousands of pounds in unsecured debts, typically with multiple loans from high-cost lenders.

Figure 3.1: Steve's journey into debt





Unsurprisingly, access to credit dictated the extent to which gambling could be funded by debt. In cases where clients saw their credit scores improve (for example due to a pay rise), their ability to use credit to fund gambling also increased, as Megan describes in the case of her husband:

*“He's always had a gambling problem and he always had a bad credit score. It wasn't until he got [a well-paid job] and the credit companies saw how big the money he was making that they started giving him all these credit cards and it was like £10,000, £12,000 and that's when it all happened.”*

Conversely, a bad credit score curtailed debt-funded gambling (as in Steve's case, above) – although this could mean that clients gambled with their earnings instead, leaving them unable to contribute to household finances which caused its own problems as we describe below.

As well as borrowing from formal lenders, it was common for clients to have borrowed from family members, often with substantial amounts owing. There were also instances of fraud, for example one client described how his partner had taken out credit cards and a personal loan in his name to fund her gambling, which left him with debts totalling over £20,000. Another recounted how her partner used her PayPal account to gamble online without her knowledge. As we discuss in Chapter 4, this could impact the debt options open to affected others.

### **3.3.2 Gambling makes debt unmanageable**

In a few cases, the clients we interviewed had accrued debt for other reasons (such as spending on credit or job loss) but the money lost to gambling was the reason this debt had become unmanageable.

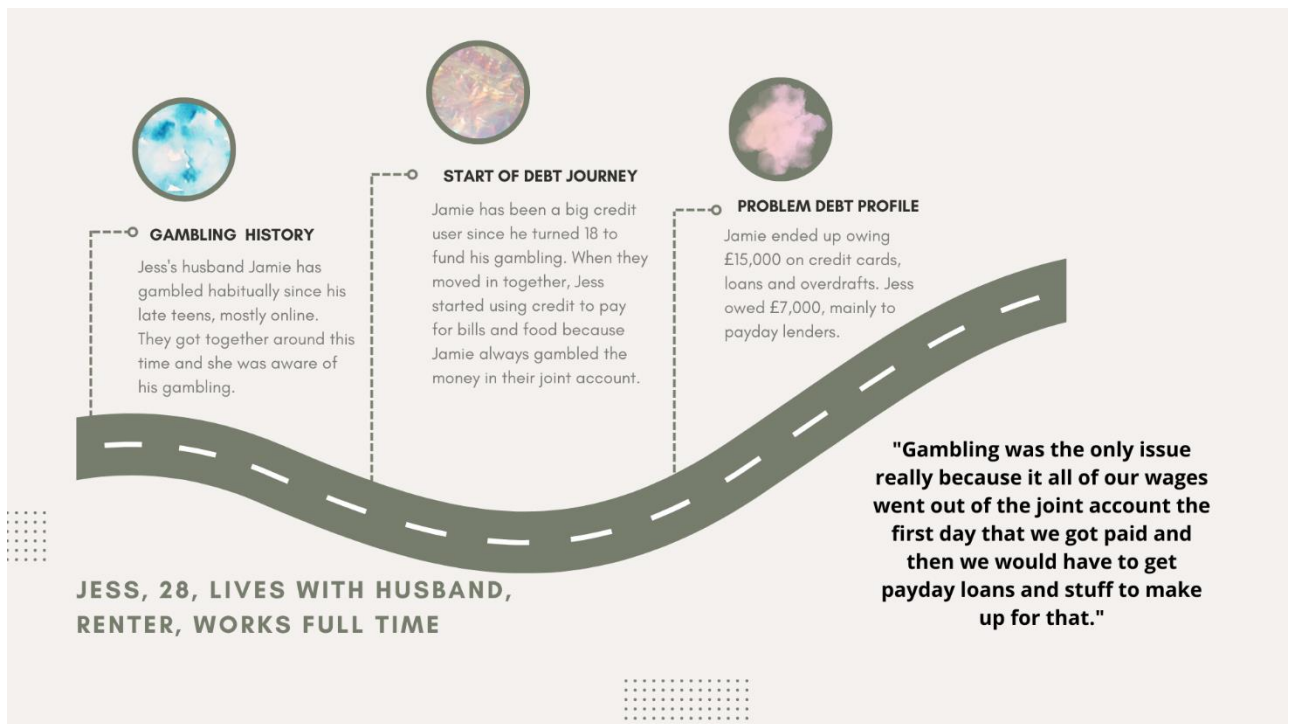
Kelsey, for example, had a bank loan from several years ago to pay for a holiday as well as catalogue debts from buying clothes. She had been able to keep on top of these debts until she became addicted to online slots at the start of the pandemic, signing up to as many websites as she could and spending all her earnings on gambling in the hope she would 'win big'. Having gambled her earnings, she took out high-cost loans to live on. These additional gambling-related debts meant she could not afford to keep up her bank loan and catalogue payments.

### **3.3.3 Debt fills the financial hole left by gambling**

Gambling also leads to the production of problem debt where consumer credit is used to bridge the shortfall between income and expenditure left by gambling.

This was a common pattern reported by the affected others that we interviewed, like Jess (Figure 3.2): they resorted to taking out consumer credit to pay bills and keep the household running because the person gambling (typically a partner or ex-partner) was spending their earnings on gambling rather than contributing to the household finances. This use of credit was ultimately not sustainable, especially where the gambling continued or intensified. Borrowing from family to keep household finances afloat was again a common feature in these client journeys.

Figure 3.2: Jess's journey into debt



Having to fill the financial hole left by gambling could be the case even where partners lived apart and managed their finances separately, as Debbie describes:

*"Whilst our finances are separate he's suddenly going, well I don't have any money for anything this week so I can't contribute to anything, we were going out to the cinema or something and I can't contribute to that. And I'd go oh it's fine don't worry I'll pay for it, because of course I want us to go."*

Conversely, one or two clients with gambling problems noted that they were able to service their growing debts, in the short term at least, by not paying for things that their partner believed they were. In one case, this included failing to make the mortgage payments, which the client's partner only became aware of when bailiffs knocked on the door.

In fact, secrecy was often a defining feature in the production of gambling-related debt: the debt was hidden from partners and wider families, perhaps because the person gambling was ashamed about how the debts had come about or because they wanted to continue gambling. This could result in significant delays in people seeking advice, which in turn impacted the options open to them by the time they did.

## 4 Client journeys out of debt where gambling is an issue

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## Summary

Most StepChange clients wait over a year before accessing debt advice and almost all of them find their debts to be a heavy burden before getting debt advice. While this was equally true for clients affected by gambling problems, our interview data also highlighted specific barriers that prevent people getting help sooner where gambling is an issue:

- **For clients who gamble**, not feeling ready or able to stop gambling; or feeling overwhelmed by the combination of problem debt and gambling addiction (and in some cases other issues such as substance misuse).
- **For affected others**, being unable to talk to creditors about debts that are in a partner's name; being the victim of gambling-related fraud by a partner or ex-partner; being wholly or partly unaware of gambling problems and gambling debt.

The clients we interviewed generally only sought help when their debts no longer felt unmanageable. For those who gambled, this was often accompanied by a recognition that their gambling was out of control. Clients also described high levels of stress, anxiety, sleeplessness and even suicidal thoughts. Gambling-specific triggers to getting help included telling family members about their gambling problem and gambling-related debts; family members finding out about it; or wanting to save a personal relationship or make a 'fresh start'.

Gambling treatment and support services were a common feature in clients' journeys. And, like creditors, they were an important source of signposting to StepChange. It was encouraging that most of the clients we interviewed felt their debts were now under control with the help of StepChange. Where clients felt their debts were not fully under control, the reasons included changes in circumstance that meant debt payment arrangements were not sustainable; feeling overwhelmed at the prospect of self-negotiating with their creditors; or being in the process of pursuing a different debt solution than the one suggested by StepChange. Gambling was generally not a reason why these clients felt their debts were not fully under control, as they had cut back or stopped.

***“I feel that it's really well under control and I know exactly, you know, I know how much I'm paying, I know the day that I pay it, I feel that that's manageable and even though it is going to take me several years to clear my debt I feel confident that I can manage my payments.” Greg***

## 4.1 Barriers to dealing with debt

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***“... getting into debt, and particularly getting out of debt, are rarely singular and brief events in a person’s life”<sup>8</sup>***

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People’s journeys out of debt are very often not straightforward or linear. Most StepChange clients (53%) wait over a year before accessing debt advice and almost all of them (85%) find their debts to be a heavy burden before getting debt advice (StepChange, 2022).

Our interview data demonstrates that this is equally true for clients affected by gambling problems. These clients generally did not get debt advice until their debts became unmanageable, the key difference being that their debts were primarily or solely related to gambling, as we saw in Chapter 3. Their coping mechanisms were similar to those used by clients without gambling problems – such as using consumer credit to manage, borrowing from family or attempting to negotiate with their creditors themselves (Collard and Davies, 2012). Some had experienced previous episodes of problem debt (not always gambling related) for which they had sought advice, highlighting that problem debt may be a recurring issue rather than a one-off event, as James describes:

*“StepChange have helped me in the past but I didn’t tell them what the reasons were [i.e. gambling] and I got a Debt Relief Order through... then because my credit score had improved I was able to get money again when I had a relapse.”*






But while there were definite commonalities in the debt journeys of clients facing gambling problems and those without, there were also several gambling-specific barriers to dealing with debt problems and getting debt advice, as we show in Table 4.1 below. Not surprisingly, affected others faced quite different barriers to those with gambling problems.

These gambling-specific barriers generally meant that dealing with debts and advice seeking were often delayed for long periods, while the situation deteriorated. In turn this meant that people were in complex and difficult situations by the time they got help, which could limit the options open to them to resolve their debt problems.

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<sup>8</sup> Livingstone and Lunt (1992), page 118.

Table 4.1: Gambling-specific barriers to dealing with debt problems and getting debt advice

People with gambling problems		<b>Not feeling ready or able to stop gambling.</b> Gambling itself could delay people seeking help with their debt problems, due to concerns that they would have to stop gambling to access debt advice when they did not feel ready or able to stop.
		<b>Overwhelmed by the combination of problem debt and gambling addiction.</b> The toll of mounting debt problems, gambling addiction and in some cases co-occurring issues like substance misuse meant that clients could feel completely overwhelmed and too distressed to deal with debt or other problems.
Affected others		<b>The debts are in a partner's name.</b> Where gambling-related debt was in a partner's name, affected others were unable to talk to these creditors, as creditors could only speak to the account holder, who might be unwilling or unable to speak to them.
		<b>There has been fraud.</b> In cases where credit was taken out fraudulently in a partner's name to fund gambling, affected others were often reluctant to take action against their partner (or ex-partner) which left them liable for the debts.
		<b>Gambling and gambling debt is hidden.</b> Affected others could be completely unaware of their partner's gambling and gambling-related debts; or only know part of the picture, e.g. that their partner was in debt but not that it was gambling-related.

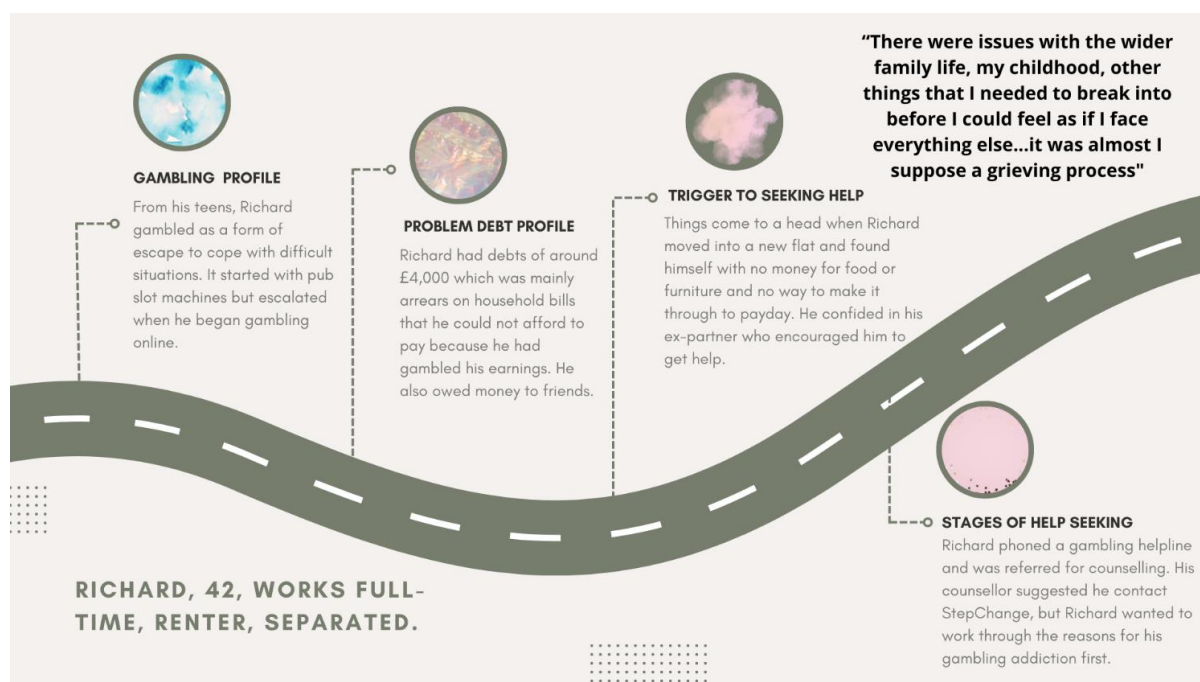
## 4.2 Triggers for seeking help

The most common trigger for seeking debt advice among the clients we interviewed was that their debts no longer felt manageable. For those who gambled, this was often accompanied by a recognition that their gambling was out of control. The signs included being unable to afford to make even the minimum payments, missing payments, being unable to borrow any more money, having no money for basics and creditor action in the form of letters and phone calls. Clients also described reaching an emotional breaking point – with high levels of stress, anxiety, sleeplessness and even in some cases suicidal thoughts.

Some triggers related specifically to gambling. A good example is where clients eventually told partners or other family members about their gambling problem and gambling-related debts, having kept the situation hidden; or family members found out about it, for instance finding bank statements or debt collection letters that revealed the extent of gambling and gambling-related debt. This exposure of the problem often resulted in help seeking – from debt advice services, gambling treatment and support services (as in Richard's case, Figure 4.1 below) or both.

A few clients we spoke to wanted to sort their debts out to help save a personal relationship or as part of a 'fresh start'. One client was motivated to seek debt advice to deal with long-standing gambling-related debt after they had completed a prison sentence for gambling-related theft.

Figure 4.1 Richard’s journey






Clients generally got in touch with StepChange in one of three ways: online searches for debt help; having prior experience of StepChange or another debt advice service; or being told about StepChange by a creditor, gambling treatment and support service or someone they knew.

The following sections explore the extent to which creditors, gambling treatment and support services, and gambling operators played a role in the debt journeys of clients impacted by gambling.

### 4.3 The role of creditors

There were three themes in the interview data concerning the role that creditors (invariably lenders) were felt to have played in clients’ debt journeys, the second and third of which were more positive:

	<p><b>Facilitators of gambling-related debt.</b> In hindsight, clients questioned how they had been able to continue borrowing to fund gambling given their poor credit histories or the number of gambling transactions on their bank statements. Several clients had made affordability complaints on these grounds.</p>
	<p><b>Providers of short-term payment arrangements.</b> Clients had sometimes been able to negotiate short-term payment arrangements with their creditors. While a helpful stop-gap, they generally went on to contact StepChange because they wanted a longer-term solution or help to negotiate with <i>all</i> their creditors.</p>
	<p><b>Signposters to StepChange.</b> In keeping with <a href="#">regulatory guidance</a> on the fair treatment of vulnerable customers, it was common for clients to be referred to StepChange by a lender, which was a positive step in their journey out of debt.</p>

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***“Despite all my money going straight from the bank to the betting companies they were never asking me questions about why I was taking the overdraft, they would just increase it on a daily basis sometimes.”***

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## 4.4 The role of gambling treatment and support services

Gambling treatment and support services were a common feature in clients’ journeys out of debt. And, like creditors, they were a source of signposting to StepChange.

Just over half of the clients with gambling problems in our study had received some form of support from gambling treatment and support services (such as peer support, counselling or cognitive behavioural therapy), which they generally reported to be effective in helping them reduce or stop gambling as well as gaining a better understanding of *why* they gambled compulsively.

The use of gambling blocks like GamStop (self-exclusion from online gambling sites) and GamBan (to limit access to gambling websites) was also widely reported by clients as an effective way to reduce or stop gambling – either in conjunction with other tools, other support or as the only step taken. Several clients talked about blocking or self-excluding from gambling around the time they approached StepChange. Other strategies that appeared to help were handing control of all money to a partner and switching to a very basic account with no debit card or credit line.

Just as gambling and debt were interwoven for these clients, so the decision to seek help in relation to gambling and problem debt was often simultaneous or at least temporally close. There was no single route that clients took: some (like Richard earlier, Figure 4.1) were referred to StepChange from a gambling treatment and support service; others looked for help with their gambling once they had started to address their debt issues; as well as those who had separately sought support from different organisations at the same time.

Where clients hadn’t sought any formal support, some had spoken to friends or family instead which helped them to reduce or stop gambling; or managed to cut back their gambling themselves to a point where they felt it was under control.

### 4.4.1 Support for affected others

Engagement with gambling treatment and support services was also common among the affected others that we interviewed – for themselves, their partners who gambled, or both.

Two women clients had received gambling support at the same time as their partners who gambled. In one case, Jess and her husband had gone to counselling as a couple for several months, as her husband was not keen on going alone. While the counselling was not aimed at her, she found it very useful to understand and support her husband:

*“I didn’t even know gambling addiction was a thing until I met him, I’d never really heard of it... [counselling] really helped because it made me understand that actually it was just an addiction like every other and ... I was in a better position to help.”*



In contrast, Lauren received counselling separately to her husband as an affected other, where she was advised to protect “[her] own sanity and her children’s livelihood...you can never trust a gambler”. While this wasn’t what she expected, the blunt advice made her think about how to manage her relationship and their finances going forward. It also serves to highlight the loss of trust that can occur because of harmful gambling and the damage caused to personal relationships as a result.

Jane only attended GamAnon (a peer support fellowship for affected others) after she had separated from her husband, following many years of living with his gambling addiction and domestic violence. She had got into serious debt after using credit to make good the financial shortfall left by her then-husband’s gambling addiction. She regretted not getting help sooner, which she believed would have made a positive difference to her and her financial situation:

*“If I would have gone to a GamAnon meeting 10 years before I think perhaps I wouldn’t have got into as much debt as I had, definitely. I think I would have been stronger, I would have said no, I would of seen the patterns of it more, it would have opened my eyes really.”*

Unfortunately, by the time they separated, Jane had to sell her home to pay off her debts, and at the time of the interview she was living in rented accommodation with her children.

## 4.5 The role of gambling operators

All gambling operators that are licensed by the Gambling Commission are required to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. If operators see behaviour or are told something by a customer that indicates risk of harm, they must contact that customer to prompt them to think about their gambling, to find out more, and as an opportunity to offer information or support (Gambling Commission 2019b, 2019c).

While it was less common than speaking to their creditors, some clients we interviewed had been contacted by gambling operators, for example because they were gambling much more than usual:

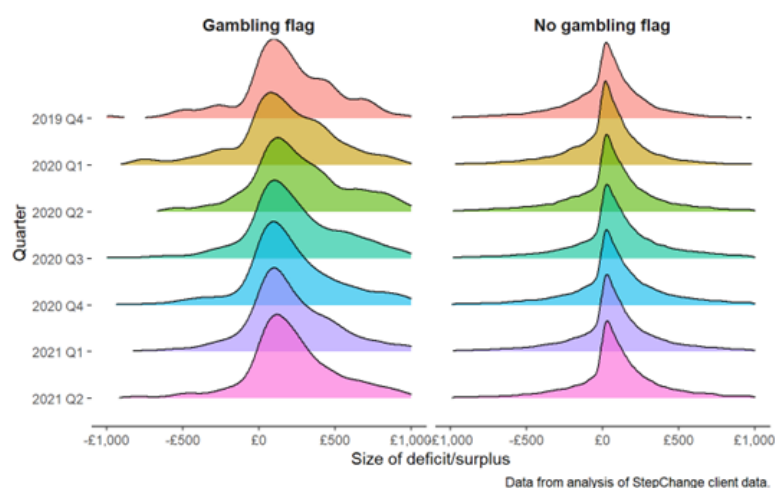
*“Eventually they’ll tell you that they’ll give you say 30 days to provide the information showing that you can afford to be spending the amount that you’re spending. If you don’t provide the information to do that within a satisfactory amount of time, then they restrict your account, so you just cannot gamble on their account and that goes through to the sister companies as well.”*

While some clients did suspend their accounts for a time, or gambled less, because of contact from gambling operators, these restrictions were easily avoided by opening another account with a different gambling operator; or by lying to operators when questioned about their financial situation. Several affected others also described how their partners had found ways to get round gambling blocks or self-exclusion schemes.

## 4.6 Client outcomes from debt advice

One consequence of a having a higher income profile is that clients with gambling flags were more likely to have surpluses after subtracting their expenditure from their monthly income (Figure 4.2). A surplus is the amount calculated to be available for creditors, which has a strong influence on debt solution recommendations.

Figure 4.2 Size of budget deficit/surplus, by quarter and gambling flag



Our analysis of client data (described in Chapter 2) shows that 12% of clients with a gambling flag had a monthly surplus of more than £750, compared to just 6% of other clients. Overall, the median surplus for with a gambling flag was £188, compared with £63 for other clients. Even controlling for other factors, a gambling flag is still associated with an £80 increase in the size of clients' surplus.

This financial profile has some impact on the solutions recommended by StepChange, so that over the study period clients with a gambling flag were:

- **More likely** to be recommended a Debt Management Plan (51% compared with 34% of all clients) or a debt payment plan (DAS DPP) (4% compared with 2% of all clients).
- **Less likely** to be recommended to make zero offers to creditors (17% compared with 30% of all clients).

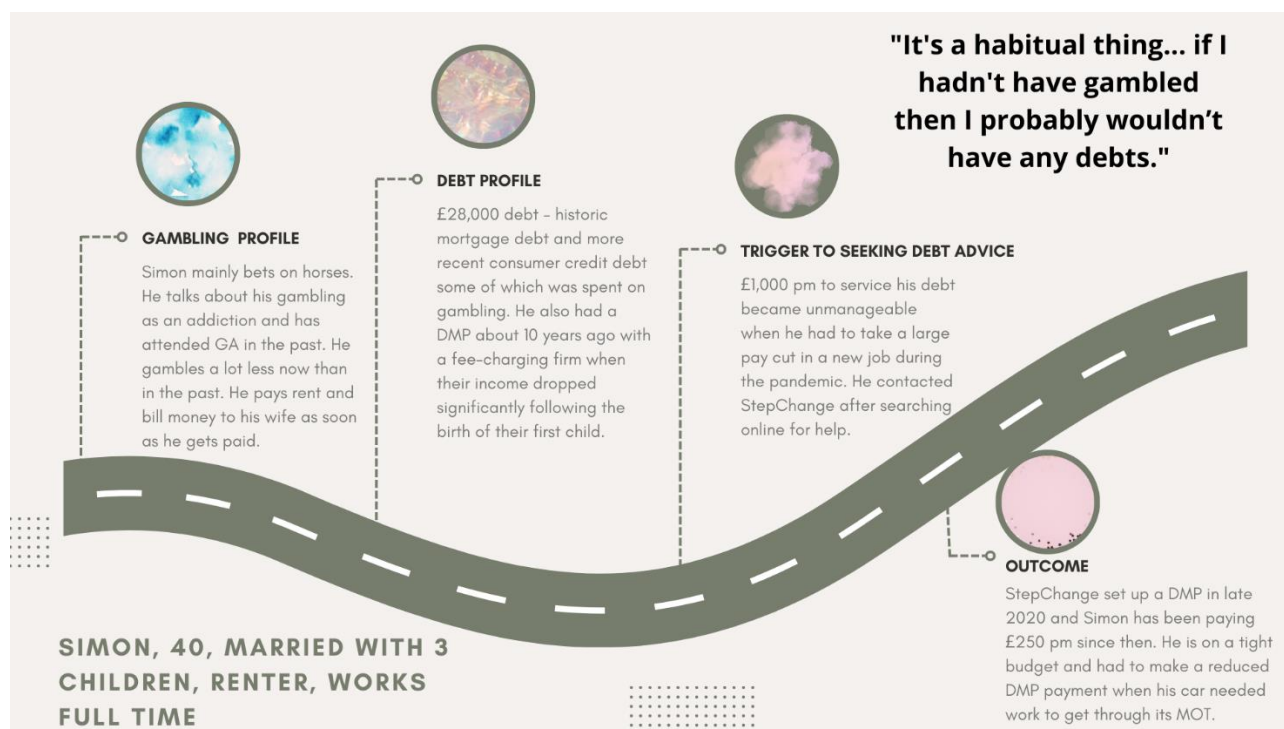
Our qualitative interviews enabled us to see what happened to clients after they received debt advice and the extent to which they felt their debt was under control. The amount of time elapsed since clients first sought advice was not a good indicator of their likely outcomes – some who had sought advice from StepChange several years ago felt their debt was not under control; others who had received help more recently felt they were making good progress towards being debt free.

### 4.6.1 To what extent did clients feel their debt was under control?

It was encouraging that most of the clients we interviewed felt their debts were now under control with the help of StepChange. They were either on a Debt Management Plan (as in Simon's case, Figure 4.3 below) or had used the advice they received from StepChange to successfully negotiate

payments arrangements with creditors themselves. A few had successfully applied for a Debt Relief Order through StepChange.

Figure 4.3 Simon's journey



There were also some instances where clients were not happy with the advice they received from StepChange and decided to contact another provider, which resulted in them setting up an IVA that they were in the process of repaying.

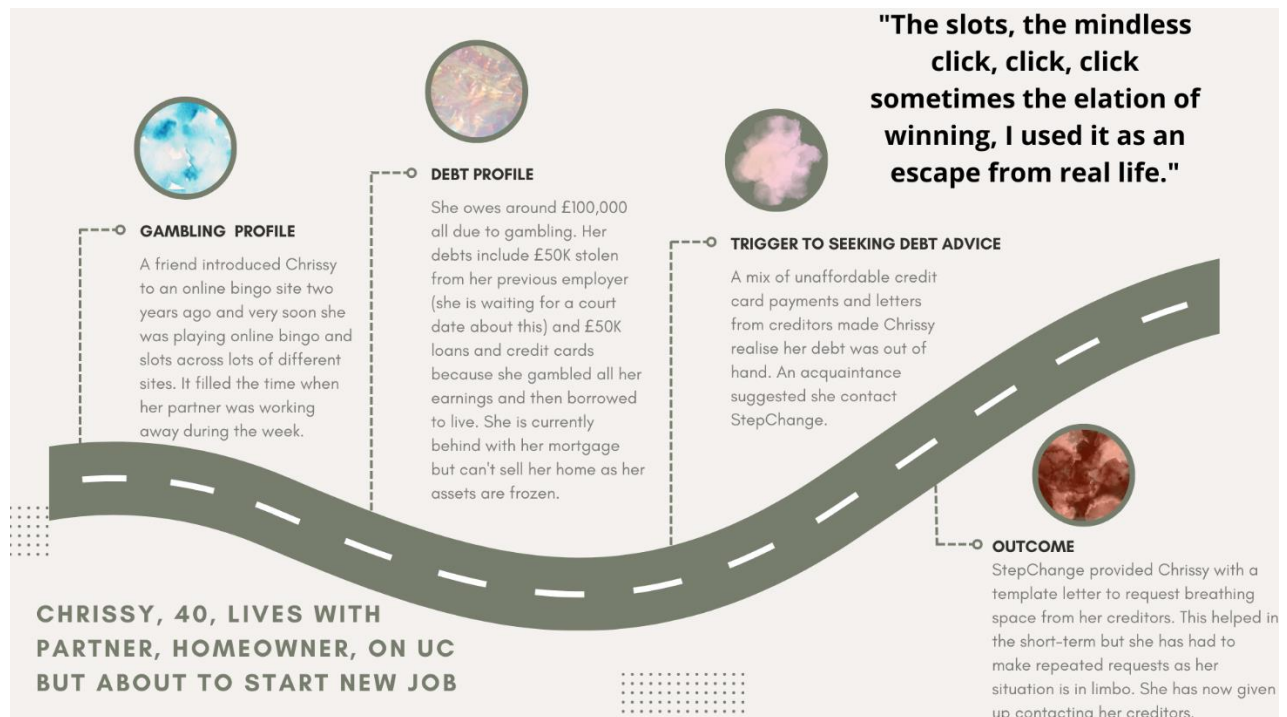
Common factors among clients who felt their debt were now under control (with the help of StepChange or another provider) were in relation to:

- **Work:** They tended to be in paid work.
- **Gambling:** They tended to have taken steps to reduce or stop gambling, including accessing professional gambling support and self-excluding from online gambling sites and venues.
- **Informal support:** In some cases they were supported in their efforts to stop or reduce gambling by family members, for example partners taking over their finances temporarily to reduce the temptation gamble; clients giving their partners rent and bill money as soon as they got paid; and clients sharing their bank statements with partners to check on spending.

Where clients felt their debt problems were not under control or only partly under control, there was a diverse range of reasons for this.

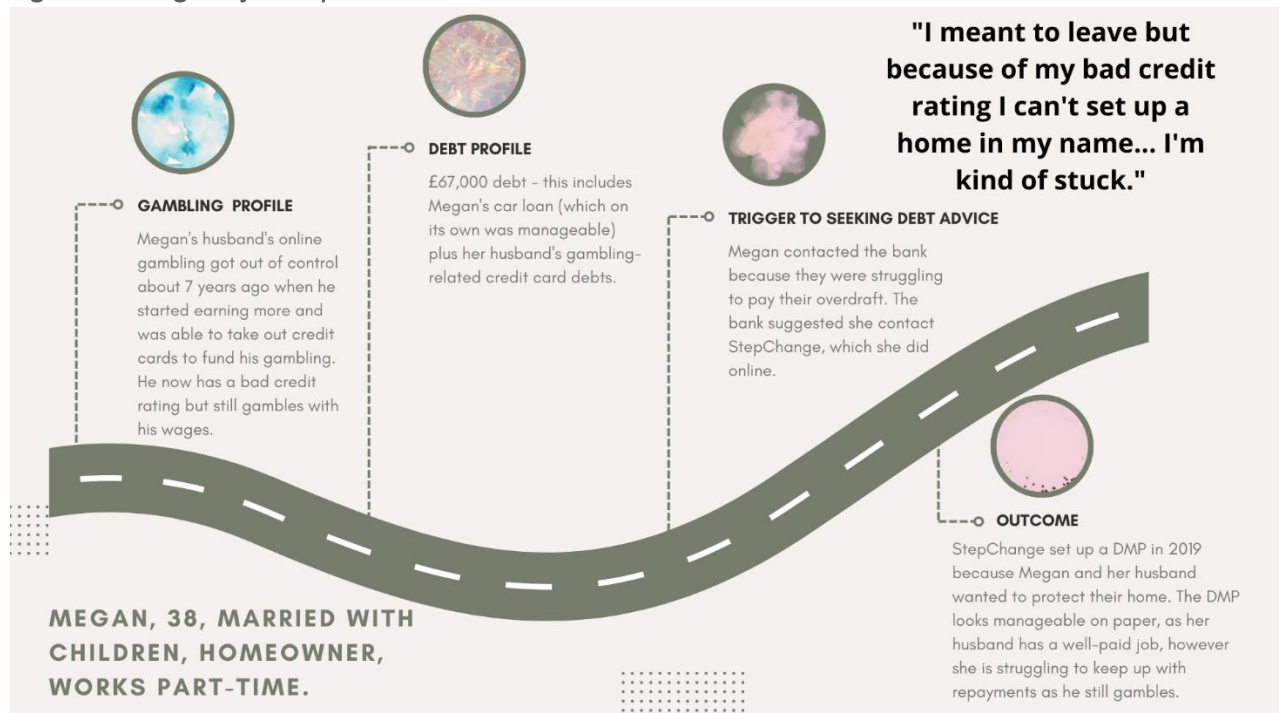
In Chrissy's case for example (Figure 4.4), her situation was in limbo due to a pending court case for gambling-related theft; she could not afford to repay her debts; and her creditors only offered stop-gap forbearance even though her situation was unlikely to improve in the short term. Although she had managed to stop gambling, the stress of dealing with her creditors caused her to briefly relapse.

Figure 4.4 Chrissy's journey



Another example was Megan, who was affected by her husband's gambling addiction (Figure 4.5). Although StepChange had successfully set up a Debt Management Plan for Megan and her husband to pay off debts that were mainly due to his gambling, she feared this was not sustainable because her husband was still gambling all his earnings, leaving her struggling to manage financially.

Figure 4.5 Megan's journey



Other reasons why clients felt their debts were not fully under control included:

- Changes in circumstances that meant they were unable to sustain the debt management plan put in place by StepChange and they were unclear about the next steps or were paying some creditors but not others.
- They were advised by StepChange to self-negotiate with their creditors but felt overwhelmed at the prospect and were not in contact with any of their creditors.
- They were in the process of pursuing a different debt solution than the one suggested by StepChange.

Apart from Megan (above), gambling was not cited a reason why these clients felt their debts were not fully under control, as they had managed to cut back or stop gambling. The risk of a significant escalation in their debt problems because of gambling therefore seemed to have been curtailed.

# 5 Key insights and ideas for change

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# Summary

Three key insights from the research are that:

- 1. *The intersection between harmful gambling (i.e. gambling that leads to harm) and access to consumer debt can lead to extremely complex situations.*** While debt advisors cannot be expected to be experts on harmful gambling (or other non-financial vulnerabilities), they nonetheless need to take it into consideration when interacting with clients and giving advice, in line with the [FCA's guidance](#) on the fair treatment of vulnerable customers and the [new Consumer Duty](#).
- 2. *If harmful gambling is not addressed, then any debt resolution is likely to be temporary.*** Debt advisors and creditors should therefore routinely signposting people at risk of gambling harm to a range of different sources of help (including things they can activate themselves like gambling blocks), as our findings show there is no 'one size fits all' answer.
- 3. *Affected others are the unseen casualties of gambling-related debt.*** Our small sample of affected others suggests that more can be done to support people harmed by someone else's gambling and gambling-related debt in a timely way, including to protect their own finances and recognize signs of financial or economic abuse.

Underpinning stakeholders' ideas about how to better support people affected by both debt and gambling problems was an aspiration for more consistent cross-sector partnership working that extended to other addiction and mental health support services. As evidence emerges about the complementary and mutually reinforcing benefits of debt advice and gambling treatment and support, it may be time to consider whether debt advice should be routinely funded as part of gambling treatment and support interventions and programmes.

## Technical notes

The ideas for change are based on an online stakeholder round table convened by StepChange as part of the research. We are grateful to all the participants for giving their time and insights:

Rosa Battle, Christians Against Poverty  
Annabelle Bonus, Drink Aware  
Katie Fry, Citizens Advice  
Louise Hall, Money Advice Trust  
Helen Handzel, StepChange  
Jack Holman, Monzo  
Hawthorne Lockwood, Ministry of Defence  
Robert Lovesey, Serve and Protect Credit Union

Maya Lund, HSBC  
Katie Reynolds-Jones, Gamstop  
Genevieve Richardson, StepChange  
Paula Searle, StepChange  
Peter Tutton, StepChange  
Kathy Wade, Gamcare  
Josie Warner, StepChange  
Tom Williams, StepChange

This final chapter brings together the key insights from the study and sets out some ideas for change that could improve the support for people who experience gambling harms and problem debt. These ideas for change were put forward by participants at a stakeholder round table convened as part of the research.

## 5.1 Key insights

### *The intersection between harmful gambling (i.e. gambling that leads to harm) and access to consumer debt can lead to extremely complex situations*

Our analysis of StepChange client data found that, on average, clients with gambling flags had higher incomes (median income £18,000 compared with £15,470 for other clients) and higher levels of unsecured debt (£1,250 higher in Q1-2 2021).

The qualitative interviews illustrated just how complex clients' situations were, where gambling was a factor in their debt journey. The length of time over which debts built up; the sheer number of different types of debts; the high value of the debt; secrecy around both gambling and debt; co-occurring issues such as substance misuse and mental health problems; borrowing from family members; and gambling-related crime can all contribute to this complexity.

While debt advisors cannot be expected to be experts on harmful gambling (or other non-financial vulnerabilities), they nonetheless need to take it into consideration when interacting with clients and giving advice, in line with the [FCA's guidance](#) on the fair treatment of vulnerable customers and the [new Consumer Duty](#).

### *If harmful gambling is not addressed, then any debt resolution is likely to be temporary*

The clients we interviewed had generally taken steps to reduce the amount they gambled or stopped altogether – either before they sought debt advice or around the same time. Addressing harmful gambling therefore seems to be a prerequisite if successful and sustainable debt resolution is to be achieved.

Among the interventions that clients found effective were gambling blocks and self-exclusion tools (such as GamStop, GamBan) that they could activate themselves. This was appealing for clients who did not feel ready or able to seek help from a gambling treatment and support service (although in practice clients often did both). Debt advisors and creditors should therefore consider routinely signposting people at risk of gambling harm to a range of different sources of help, as our findings show there is no 'one size fits all' answer.

### *Affected others are the unseen casualties of gambling-related debt*

Our small sample of affected others suggests that more can be done to support people harmed by someone else's gambling and gambling-related debt. As we saw in Chapter 4, affected others faced some distinctive barriers to seeking help with their debts including being unable to talk to creditors about debts that are in a partner's name; being the victim of gambling-related fraud by a partner or ex-partner; and being wholly or partly unaware of gambling problems and gambling debt. And while some affected others we interviewed received help from gambling treatment and support services this was sometimes focused on the person who gambled rather than them personally; or they would have benefitted from getting the help much sooner.



## 5.2 Ideas for change

Our stakeholder round table provided ideas about what the debt advice sector, lenders and gambling treatment and support services could do differently to better support people with gambling-related debt, which we describe below.

### *What could the debt advice sector do differently?*

From our stakeholders' perspective, the main issue facing the debt advice sector is understanding how people's journeys into and out of debt are impacted by gambling and gambling-related debt and how this can affect debt advice and debt resolution. There was a concern that debt advisors can be reluctant to raise gambling problems with clients because they are unsure what to do with that information, or even where to record gambling spending on the income and expenditure statement.

There is already some guidance and training for debt advisors on harmful gambling<sup>9</sup> but there is scope for this to be rolled out across the debt advice sector to ensure consistent practice and to promote sector-wide good practice.

### *What could the credit sector do differently?*

Our qualitative research highlights the crucial role of lenders in preventing gambling-related debt as signposters to debt advice and through policies and practices that help them identify and support at-risk customers. Often clients questioned how they had been able to borrow so much money, sometimes over very short periods of time, especially when their bank statements or transaction data showed this money was funding their gambling. For lenders, this heightens the risk of customer complaints.

From our stakeholders' perspective, what is currently lacking is earlier proactive identification of possible gambling-related financial harm to facilitate upstream support, rather than relying on customer disclosure of gambling problems. Analysis of transaction data and loan application data is already enabling pioneering firms to identify patterns of spending that indicate potential problems and test ways to support these customers. There are therefore opportunities to learn from their experiences and share effective practice, for example through programmes like UK Finance's Vulnerability Academy, run in partnership with the Money Advice Trust.

Crucially, debt advisors, lenders and other financial services must also be alert to the potential harms faced by customers who are affected by someone else's gambling. Firms could provide more information to affected others about protecting their own finances and signpost them to specialist help in relation to issues such as economic and financial abuse. The [MoneyHelper website](#), for example, has information on gambling problems and debt that includes help for affected others.

### *What could the gambling treatment and support sector do differently?*

For the clients we interviewed, gambling treatment and support was often an important step in their journey out of debt – whether that was using blockers or self-exclusion tools, accessing peer support

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<sup>9</sup> For example the Institute of Money Advisers covers gambling addiction in its training course on addictions and debt and GamCare has produced a [Gambling Related Financial Harm toolkit](#) which includes a guide for professionals working in the debt and money advice sector. See also Evans, J., Fitch, C., Collard, S. and Trend, C. (2018) [Vulnerability: the experience of debt advisers](#), University of Bristol.

or being referred for counselling. And, like lenders, gambling treatment and support services played an important role in signposting clients to debt advice.

Our stakeholders highlighted that there are already some referral mechanisms between gambling treatment and support services and debt advice services that seem to work well where they are in place. These had usually been set up on a case-by-case basis whereas people experiencing both gambling and debt problems would benefit from a more systematic and consistent referral framework, where bi-directional referrals were hard-wired into client interactions with debt advisors and gambling treatment and support professionals.

### *Resourcing effective partnership working*

Underpinning stakeholders' ideas about how to better support people affected by both debt and gambling problems was an aspiration for more consistent cross-sector partnership working that extended beyond the three sectors represented at the round table event to other addiction and mental health support services.

The round table identified short-term, uncertain and target-driven funding for debt advice as a significant hurdle to this approach, because it does not allow for more intensive or longer-term support of clients in complex situations, such as those with both gambling and debt problems.

As evidence emerges about the complementary and mutually reinforcing benefits of debt advice and gambling treatment and support, it may be time to consider whether debt advice should be routinely funded as part of gambling treatment and support interventions and programmes.

Reflecting the pressing need for more holistic and joined-up help, the new [Regional Alliances](#) planned as part of the National Gambling Treatment Service to deliver support and treatment to individuals affected by gambling harms will be required to establish pathways into wraparound services such as debt advice, housing, relationship advice, and mental health support, although it is unclear whether this extends to funding these additional services (GambleAware, 2022).

### *How could the Gambling Act Review support people with gambling debt?*

While the publication of the Gambling Act White Paper has been further delayed, the experiences of the debt advice clients we spoke to corroborates the need to introduce consistent indicators to identify harms, as proposed by the Gambling Commission (Gambling Commission, 2022). While some of the clients we interviewed had been contacted by gambling operators in response to their increasing gambling, many had not; and those that had been contacted found it easy to circumvent any actions taken as a result.

A progressive process that increases and strengthens action may, at the very least, have reduced the debt burden that our respondents incurred. Our findings, therefore, highlight the need to ensure that gambling operators produce thresholds for the assessment of significant unaffordable losses over time, as a priority.

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