

# Exploring financial exclusion

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# Foreword

We want to see people having access to appropriate and affordable financial products and services that allow them to participate fully in society. Exclusion from financial services has a direct impact on people's lives and can leave people unable to make and receive payments or deny them access to appropriate products that support financial resilience. Even with the most common of financial products, such as a bank account, many individuals still face exclusion.

Our Financial Lives Survey found that 23% of UK adults (12.1 million people) had issues accessing a financial product or service in the two years to May 2022.

We want to understand the lived experience of those who are particularly at risk of exclusion. That is why we commissioned this independent research, which involved interviews with a sample of 43 individuals, building on the insight we gathered from previous work. This work will enhance our understanding of how members of some of the most financially excluded groups manage their financial lives – the challenges they face in accessing and using financial products and services, the strategies they use to overcome them and the support needs they have.

The researchers found that, because of the life circumstances and priorities of the people they interviewed, none of them were using any products other than bank accounts. It's encouraging to see from the research that, with knowledge and assistance, many of the people interviewed were able to overcome the challenges some people can face when opening accounts, such as providing proof of address when they are homeless, by using workarounds that providers accepted. However, we are aware that not everyone is able to access this information or assistance when they need it, and therefore remain at higher risk of exclusion.

The ways in which most people interviewed were using, or wanting to use, financial services were driven by short-term needs and were straightforward in nature, such as withdrawing money on a day-to-day basis to meet essential living costs.

The report also highlights that while digital banking works for some of the people interviewed, it can be more problematic for others. There were also some people interviewed, particularly those for whom English isn't their first language, who preferred face-to-face services.

The findings of this research are based on individual examples and are not representative of the wider population. Nonetheless, they will add a qualitative, experiential perspective to inform other work carried out by the FCA, such as our exploration into why 1.1 million people remain unbanked and our wider work on financial inclusion.

**Sheldon Mills**

**Executive Director, Consumers and Competition**

**Financial Conduct Authority**

# Summary

As a regulator, the FCA needs to understand the different needs of consumers and how they can change depending on their circumstances. The findings presented in this report enable a better understanding of the needs of and challenges faced by groups previously identified as being at particular risk of financial exclusion, including those with experiences of the asylum-seeking process, homelessness and rough sleeping, the care sector and the criminal justice system. These are the cohorts on which the research is focussed. The report is based on findings from discussions with a non-representative sample of 43 interviewees drawn from across those groups.

Most of the people who took part in the research were using bank accounts that met their basic needs, but they were not taking advantage of other financial services (e.g., savings, credit). For example, most rough sleepers in the sample were only using their current accounts as 'cash cards.' They were withdrawing cash for most of their financial transactions and not using their accounts to plan or action repeated or longer-term financial management (e.g., standing orders or direct debits). Some asylum seekers were only using their current accounts for the simple functionalities (e.g., online purchases, bank transfers) that they were not able to carry out using their [Aspen cards](#).

Many people in the interview sample were able to open basic bank accounts, but most received assistance. Support included sharing information on workarounds when people didn't have ID or a fixed address, signposting to specific bank accounts or accounts being set up for people.

Some of those interviewed struggled to use their accounts and relied on others for assistance, creating the potential for them to be financially exploited. Both this and other factors contributed to financial behaviour that sometimes conflicted with their accounts' terms and conditions.

Some characteristics and circumstances were seen to have an impact on financial exclusion.

These included:

- **Lifestyle and attitude:** Homeless people, ex-offenders, care leavers and asylum seekers interviewed for the research often had short-term priorities, impulsive behaviours and disorganised lifestyles, and so had more difficulty accessing and using their current accounts. These behaviours were sometimes interpreted by banks as being suspect, resulting in their accounts being flagged for suspicious activity.
- **Financial and digital literacy:** Many of the people who were interviewed had limited understanding of how to use bank accounts, including online banking, managing their money day to day and making informed financial decisions.

The effect that these factors had on those who were interviewed varied, depending on whether they were short or long-term.

Some interviewees were in moments of transition, for example, those moving from a care home into their own accommodation. Others faced short-term challenges, such as the asylum seekers interviewed who had just arrived in the UK and could not speak English.

However, some other people in the sample, for example, rough sleepers and those struggling with addiction, had more entrenched behaviours.

Depending on people's specific circumstances and the barriers they face, opportunities for supporting and improving existing support services will be different. We discuss a number of scenarios in which support is offered, e.g., through local charities, below.

# Introduction

## Background to the research

Financial services play a key role in people's daily lives. In their Strategy 2022-25, the FCA set out the outcomes they want to see for financial services. These include consumers being sold suitable products and services, receiving good treatment and diverse consumer needs being met.

Some consumers may be excluded from financial services due to their particular circumstances or perceived risk. While consumers do not have an automatic right to receive products and services, lack of access can cause harm.

The FCA's [Financial Lives Survey](#) provides valuable insights into consumers' attitudes towards managing money, the financial products they have and their experiences of engaging with financial services firms. The Financial Lives 2022 report includes a chapter on access and exclusion, which presents findings on these issues.

This small-scale piece of qualitative research, based on interviews with 43 research subjects, builds on the FCA's prior in-house and commissioned research. In particular, it seeks to better understand the needs of and challenges faced by those groups the FCA had previously identified as being at particular risk of financial exclusion.

In order to ensure that the research was able to gain insights into consumer groups that are often regarded as 'hard-to-reach,' the FCA's tender for services specified that the successful bidder for the contract would have to demonstrate relevant research experience with communities subject to social/financial exclusion. The FCA commissioned [Revealing Reality](#), who are experienced in conducting research with vulnerable groups.

## Objectives for this research

This research was commissioned to build a deeper understanding of the barriers certain groups of people face in gaining, maintaining and benefitting from access to financial products, and consumers' views on why they face these barriers. Specific research objectives included:

- Understanding the financial lives (experiences, attitudes, motivations) of people who face financial exclusion.
- Understanding how people likely to be subject to financial exclusion use a range of financial services.
- Exploring barriers to gaining access to and engaging meaningfully with the financial services sector. These include both subjective barriers (e.g., trust, social influence, reluctance to use) and objective barriers (e.g., inadequate service provision, denial due to insufficient documentation).

## The methodology used in this research

Many of the target groups for this research are hard to reach and seldom heard by means of mainstream research approaches. For this reason, Revealing Reality took a place-based approach, building relationships with community support organisations and settings to engage with people who often have complex, overlapping experiences relevant to this research, e.g., of claiming asylum, homelessness, the criminal justice system, the care system. The sample of 43 interviewees includes

## Exploring Financial Exclusion

people who have had one or more of these experiences but should not be treated as representative either of the cohort to which interviewees belong or of the general population.

Revealing Reality conducted ten visits to a wide variety of community settings across the UK, including homeless shelters and drop-in services, women's centres, care leaver support services, and food banks. During these visits researchers spent time:

- Conducting one-to-one interviews with individual consumers, understanding their financial lives, journey-mapping their engagement with financial services, and exploring their experiences of barriers to and support in accessing and maintaining financial products.
- Facilitating focus group discussions, reflecting on barriers facing people with specific experiences and scaling up our understanding of these obstacles.
- Speaking with support staff and volunteers to understand their perspective on the experiences of and barriers faced by the groups they support.

## Interpreting the evidence in this report

Due to the methodology for this research, the sample is to some degree self-selecting and driven by the profile of user groups in the community settings that researchers visited. It is important to note that the sample is composed of individuals who are already connected to support services, and so findings are likely to be more illustrative of, or more applicable to, the experiences of people who actively seek help, rather than of those who are most isolated or disconnected from support networks.

Given both this and the sample size of 43 interviewees, findings cannot be extrapolated to represent the barriers facing, for example, all people who have experienced homelessness. Of this group, those who do not access shelters or drop-in services may encounter different or additional barriers to financial inclusion. Also, many of the people who were interviewed had complex, overlapping and longstanding vulnerabilities, and this research cannot be used to delineate exactly which experiences and factors (e.g., claiming asylum, homelessness, the criminal justice system, etc.) are causally related to the barriers they face with financial products. The report does, however, enable insight into the individual financial experiences of members of these groups.

# About the sample

Across the ten site visits, researchers engaged with 43 individuals from the different target audience groups through a combination of one-to-one interviews and group discussions. The Annex to this report provides further detail on our sampling approach.

The majority of people engaged had experience of either homelessness or claiming asylum, with many also having experience of the criminal justice system or care system. These experiences often overlapped, and many people had complex and longstanding vulnerabilities, all of which appeared to contribute to challenges they faced in relation to financial inclusion. The following profiles offer insight into the diverse experiences within the sample.

*All participants are referred to using pseudonyms throughout the report.*

## **Meet Brian, a 50-year-old ex-offender who has also had experiences of homelessness, Worcester**

Brian currently lives in a homeless hostel in Worcester. Despite feeling more settled in his current accommodation, Brian has faced ongoing struggles with drug addiction, leading to periods of time spent in prison and bouts of rough sleeping when not in a hostel.

Since the age of 15, Brian has served multiple short-term prison sentences. His most recent offence led him to serve three years, during which he explained he had “lost everything.” Following his release, he was relocated to the hostel, where his main goal is to stabilise his life and keep out of prison.

Brian has two bank accounts. The latter was set up whilst in prison, which he uses most often.

***“I got out of prison three years ago. I lost everything when I was inside. I’ve had to start all over again.”***

## **Meet Malik, a 46-year-old asylum seeker, Swansea**

Malik, his wife, and 3 children are based in Swansea having arrived in the UK over a year ago. Waiting for a work permit while his settlement decision is being made, Malik and his family rely on money allocated to their Aspen card by the Home Office to cover their family finances.

Malik and other families like his opened a bank account primarily to access financial support for school uniforms, as the grant couldn’t be added onto their Aspen card. With all three of his children attending the local school, this was a significant motivation for Malik. For Malik, the biggest barrier was around the ID he was able to present to the banks.

***“We’re a family of five, we’ve been here over a year. We needed a bank for the school uniform.”***

# Wider financial behaviours

## Most in the sample were using only a narrow range of financial products or features

In the sample, 29 out of 43 people currently had a bank account. Among those with accounts, the majority were using their accounts to receive payments, withdraw cash, and use chip and pin or contactless transactions.

Of the 29 individuals with a bank account, 23 held a basic bank account and did not hold any other financial products such as savings accounts, insurance policies, credit cards, loans, or mortgages. The remaining 6 individuals had a savings account in addition to their basic bank account but did not have any other financial products beyond that.

## People experiencing homelessness were mostly using their accounts to get cash out

People interviewed who were experiencing homelessness, particularly those sleeping rough, were using their accounts to receive money and to take cash out. For many, using cash was seen as a strategy to have oversight and control over their spending.

Many of these individuals had set up bank accounts as a way to access their Universal Credit payments, since some Post Office branches, which they had been reliant on, had closed.

Cheryl, 50, an ex-offender based in London who had been homeless in the past, was, by her own description, “awful with money”. She relied on going into branches and using ATMs to withdraw cash to better support her in managing her day-to-day spending.

Jed, late 50s, a rough sleeper based in Brighton, managed his finances in a similar way. Having had a bank account for over 12 years, Jed’s preference was to use the bank account to store his money and withdraw small amounts of cash regularly to help him budget.

Luke became homeless after his relationship broke down. He has a bank account. However, he only used the account to receive money and take out cash.

*“I just use my card to get cash out really. I like using cash, it means I can see where I stand with my money.”*  
(Luke, mid 30s, experiencing homelessness, Worcester)

For Ben, it was his lack of trust in banks that meant he relied on cash. He takes cash out whenever he gets paid. *“I just like dealing with cash, as soon as I get paid I get it out in cash. I just don’t trust the banks, they’ve never robbed me or nothing, I’m just scared someone’s going to take it. So I just take it myself.”* (Ben, early 40s, experiencing homelessness, Liverpool)

## Asylum seekers with bank accounts had relatively limited uses for them

Many of the asylum seekers in the sample had Aspen cards, which are cards provided by the Home Office for asylum seekers to receive weekly payments to fund necessities. The amount loaded onto the card varies depending on whether the accommodation they’re staying in provides meals, and if there are young children in the family. Aspen cards can only be used to pay via chip and pin or to withdraw money from a cash machine. Those interviewed who didn’t have bank accounts relied on Aspen cards for accessing money.

However, some asylum seekers interviewed had set up UK bank accounts due to the limitations of Aspen cards. Most asylum seekers in the sample who had children reported needing a bank account to access financial support from the local authority. For example, Malik, a 46-year-old, asylum seeker from Syria, now living in Swansea, came to the UK with his wife and three children. An incentive for obtaining a bank account was to apply for a grant from his children's schools to fund the uniforms they required.

Some of the asylum seekers interviewed wanted access to a bank account to carry out online purchases, which they were unable to do via an Aspen card. However, a few asylum seekers in the sample felt that due to their limited finances they did not need this function. In one case, Hayat, an asylum seeker based in a hotel in Wiltshire, wasn't using his account at all but had opened it in preparation for the future once he had the right to work and had found a job.

For some of those interviewed, being able to receive money from other people motivated them to open accounts. For example, Sheun, an asylum seeker based in Peckham, receives small sums of money from friends and family. Having originally used a friend's account to receive this money, the friend supported her in opening her own online bank account so Sheun wouldn't need to rely on her friend to access her own funds.

A few asylum seekers in the sample reported taking cash out using their Aspen cards and putting this into their current accounts, which they used to access local authority support funds and online purchases in addition to their own funds. Abdul, an asylum seeker living in Swansea with his two young children, spoke about the challenges of relying on an Aspen card. Whilst he currently transfers cash from his Aspen card to his bank account, he reflected that:

*"If the government [Aspen card] allows me to do online banking or contactless banking then I do not need to open a bank account as I can do everything on my [Aspen] card."* (Abdul, 42, asylum seeker, Swansea)

For Abdul, if the Aspen card provided access to the same features as his current bank account, he would see no need for a bank account at this time, as he receives all his funds through the Aspen card.

### **Most were managing their finances with short-term, immediate priorities in mind**

Many people in the sample were focused primarily on their day-to-day activities and immediate circumstances, with little discussion of longer-term goals or plans. This was reflected in many people's use of money and financial products.

The people in the sample who were homeless, had insecure employment or were in moments of transition (for example moving from a care home into their own accommodation) were often living day to day, with many only looking ahead a few hours or days rather than to the longer term. For these individuals, their immediate priorities, including finding somewhere to sleep for the night or substance abuse and dependency, meant that they were only thinking about their finances in the short term.

Uncertainty about the future was also a factor limiting people's longer-term planning and decision-making. For example, many of the people interviewed who were waiting for asylum decisions were living in temporary accommodation or anticipating frequent changes in their living situations.

These immediate priorities and future uncertainties were reflected in how many people used money and banking products. For example, asylum-seeking interviewees often discussed wanting to be able to receive or lend small sums to friends to manage day-to-day spending needs, but rarely discussed



the longer-term benefits of a bank account, such as the ability to build up a credit rating or to save money. Those in the sample who were currently experiencing or had previously experienced homelessness often had unreliable access to a smartphone. When they had access to their smartphone, they used it for financial transactions, but when they didn't have access, they were unable to do so, relying in these moments on the cash or card they had until they had access to a phone again. This inconsistent access to a smartphone also impacted their ability to continuously manage their money through online banking.

Given the relatively narrow range of needs and functionality associated with these priorities (depositing, withdrawing, transacting), very few people in the sample reported carrying out research into different bank accounts or financial products, comparing their relative benefits or functionalities or being motivated to do so. Accounts that people had were, in their view, working for them and providing the services they required, even if they served a relatively narrow range of needs.

### **Care leavers struggled with financial responsibilities**

Researchers interviewed three current care leavers, who were all living independently but regularly attending a care leavers' support centre.

They reflected on the challenges of having numerous adult responsibilities (e.g., bills, rent) and managing their own money at a young age. Whilst in care, they received support from their key workers to open accounts (both current and savings) and were taught about how to save and budget.

However, some of those interviewed were struggling to follow this advice day to day, typically focusing on their short-term financial needs rather than the future.

All three care leavers interviewed were currently unemployed and relied on Universal Credit payments. They all felt that the amount they received was insufficient to cover their expenses. It was difficult to determine whether this was due to their low reported incomes or difficulties in managing their finances effectively.

When discussing their major outgoings, one care leaver reported a significant proportion of their income being used to look after their dog and covering veterinary expenses. This reportedly left them with little money for other necessities throughout the month.

Care leavers in the sample also mentioned receiving a lump sum of money upon leaving care, which was intended for furnishing their new flats. Some had demonstrated responsible money management skills and were allowed to have this money deposited into their own bank accounts after earning the trust of their key workers. Others, deemed more likely to spend the money impulsively, had their funds held by the key worker, who only granted access when the care leaver could demonstrate a valid need for the money.

# Barriers to opening accounts and accessing banking

## Both those currently with and without bank accounts had faced barriers in accessing financial products

Despite many in the sample having a bank account, several people in the sample had faced barriers in the process of opening one. The most prominent barriers were lack of accepted ID or fixed address, lack of awareness of what to do and language and literacy challenges.

### Many people said they'd been unable to open a bank account without accepted ID or a fixed address

Absence of accepted ID or fixed address mostly impacted members of the asylum seeker and homeless cohorts. Asylum seekers interviewed had often arrived in the UK without ID documents and were in temporary housing situations, with some assuming that the hotel they were staying in wouldn't count as a valid address. There was further confusion among asylum seekers around the use of the ARC cards as a form of ID. An ARC card is provided to asylum seekers by the Home Office. The card certifies their status as an asylum seeker and includes information about nationality, name and age. However, it is not considered proof of identity. While some had been able to open accounts using the ARC card, others claimed to have been rejected.

*"I can't, I don't have any ID to use to open the account, I'm not working, and I don't live in a home."* (Loye, late 50s, Asylum seeker, Peckham)

Across the homeless cohort in the sample (which included some crossover with ex-offenders and care leavers), lack of fixed address was an issue. Some, like Joe, a 41-year-old ex-offender who had spent time sleeping rough, had been able to use alternative addresses such as day centres he had attended in London. However, some people reported that this option was not available to them. Possible reasons for this included a lack of awareness, not being offered the option or not meeting attendance requirements to qualify.

Lack of ID was also reported as a barrier by some care leavers in the sample. *"In some cases, it can take a while for them to get passports because of being estranged from their families. Even though social services will write a letter explaining it's an official letter, it's down to the bank's discretion."* (Care leaver support staff, London)

For those in the sample without a bank account, the primary barriers reported were lack of ID and fixed address. The majority were unaware that there were alternative forms of identification or address that could be used to open an account.

Anica, a 31-year-old asylum seeker living in a hotel in Peckham, believed that her current accommodation status meant that she couldn't open a bank account. Although Anica was accessing a local food bank where a representative from Citizens Advice attended, she was unaware of any support available to help her open an account and hadn't engaged with the support available.

### **Some had low levels of awareness about the process of opening an account, meaning they were more likely to accept whatever account was offered to them**

Lack of awareness about how to open an account was also a key barrier faced by some of those interviewed, especially those who hadn't had a bank account before. After spending 11 years in prison, Joe was released at the age of 32 and had never had a bank account before. Re-entering society was daunting, and he had no concept of what needed to be done or what documents were required to obtain an account.

*"I was in until I was 32, I served 10 straight years and when I got out, I tried to open a bank account, they said it was difficult because there was no record of me, and I had no identification. The only identification I had available to me at that time was a letter from the DWP with the address on it that I was currently staying."* (Joe, 41-year-old, ex-offender who has experienced homelessness, Peckham)

People like Joe were therefore less likely than others to know what was available to them. As a result, they were less inclined to look around for options and more likely to accept whatever account they were supported in opening.

In a Wiltshire asylum hotel, a significant number of the individuals interviewed had never had a bank account before. Consequently, they had limited awareness of the various account types and bank options available to them. These individuals relied on volunteers to accompany them to the bank and set up an account.

### **Many had literacy and language barriers that made engaging with banks challenging**

Language barriers were particularly apparent for asylum seekers in the sample, while literacy barriers were more prevalent among other cohorts, such as ex-offenders and rough sleepers.

Most asylum seekers in the sample found language to be a key barrier in engaging with banks, with many struggling to understand both written and verbal information. They often reported difficulties in comprehending the forms they needed to fill in and the information required to open an account.

*"Language is a big issue for me, I don't know how to ask what I can get."* (Girma, late 30s Asylum seeker, Wiltshire)

Girma is an asylum seeker living in a hotel in Wiltshire. After trying to open an account himself, he was taken to a bank branch by a volunteer who supported him through the process. Despite this assistance, Girma still lacked confidence in asking about his options or requesting explanations when he didn't understand something.

Literacy was a significant issue for individual members of other cohorts, even when English was their first language. People found the account opening process and forms confusing and were uncertain about the steps involved. They preferred in-person support, either from the bank or the support service they engaged with, when completing these forms.

Simon, who currently lives in a homeless shelter, has several different bank accounts. Although he is confident in using online banking to manage his day-to-day spending, he found opening an account online more challenging due to the nature of the online forms. He expressed a preference for using pen and paper, with the assistance of a support staff worker in the hostel.

*"Filling in forms, I hate doing on it on a screen. I prefer doing it with a pen."* (Simon, mid 40s, experiencing homelessness, Worcester)

## **Most of those currently with bank accounts had received support to overcome barriers**

Although research participants encountered significant barriers, those with bank accounts were able to overcome them with support. This support took two formats: informal and formal.

It is worth noting that the participants interviewed in this research were all engaging with support services due to the method of recruitment, so it's more likely that these individuals were able to access help to overcome most barriers.

## **Many had engaged with more formalised support through charities and services**

There were examples of formal support being offered, which was largely provided through organisations that people were in touch with. In some situations, this meant accompanying people to the bank to help with opening an account or, for others, it was writing an official proof letter which could act as a verification of ID.

*“We can give them [homeless people] a letter which basically says they are who they say they are, and they take that to the bank.”* (Anna, Staff, Homeless centre in Liverpool)

At an asylum hotel in Wiltshire, volunteers could provide asylum seekers with letters that classified the hotel as proof of address. They also offered support in collating the right documentation and would take people to the bank.

In many of the settings visited, staff also shared advice. At the care leavers support group, for example, staff described their roles as all-encompassing, reacting to the immediate needs of care leavers. This often included financial support, such as guidance on managing money or the benefits of different bank accounts.

*“For example, if I have a question or I wanted to buy a house down the line I'd go to my support worker. She'd talk me through and advise me every step of the way.”* (Abbas, 23, care leaver, London)

## **Many had received informal support from friends, family, or trusted community members**

The most common type of support accessed was informal, which was often provided by friends, family or the community – including chats with other service users at the support organisations that interviewees engaged with. In some cases, support included recommendations of which banks to try or advice about what ID might be needed to open an account. Where a language barrier was present, friends would sometimes assist with trips to the bank.

*“The couple I was staying with opened an online bank account for me, but there's no money in there...it was easy they just downloaded the app on their phone and took my passport and used their address.”* (Sheun, late 40s, Asylum seeker, Peckham)

# Challenges with maintaining access and using bank accounts

## Some had challenges operating within banking product terms and conditions

Although most research participants had managed to open a bank account, using them day to day presented challenges for some.

## Managing money was a key challenge for people who were experiencing homelessness

Some people in the sample struggled to manage their finances and, in some cases, this impacted how they used their bank accounts.

For example, Cheryl, 50, who currently lives in a council house with her son and is at risk of becoming homeless in the near future. Although Cheryl didn't talk about any issues with setting up an account, she struggled to manage her finances and stay within her budget and would often unknowingly go into an unauthorised overdraft.

*"I've just got no clue, when it comes to money, I just pay for it. I've got no clue whatsoever."* (Cheryl, 50, ex-offender currently at risk of homelessness, Peckham)

This was also the case for care leavers within the sample, who struggled to effectively budget and make financial decisions. This was due to a number of reasons, some of which were based on their low incomes and others around their ability to effectively manage their money. Other factors included their young age and increased financial responsibility, as well as a lack of role models to show them how to manage money day to day.

*"I'm S\*\*\* honestly, half of it goes on the day I get it. There are so many little things to pay for, you go on the bus and it's like £7 gone."* (Riley, 21, Care leaver, London)

However, some people who were homeless were knowingly carrying out behaviours that were not within banking products' terms and conditions.

## As a result, many experiencing homelessness had their accounts closed or frozen

Brian, 50, left prison three years ago and since then has been living in a homeless hostel in Worcester. Brian knowingly spent money from his overdraft and actively refused to pay it back. He closed the account and has not yet been contacted to pay the money back.

*"I was having my direct debits being paid out [from my overdraft]. They charged me, but I was stubborn and refused to pay it"* (Brian, 50, ex-offender experiencing homelessness, Worcester)

Banks being concerned about suspicious activity was noted by another homeless ex-offender. Craig had been homeless since he left prison in June 2022. He previously had an account which was closed for suspected fraudulent activity.

*"My account was closed last year, fraud happened to it. And I'm thinking I don't do fraud, I don't even know how to do fraud."* (Craig, late 40s, ex-offender experiencing homelessness, Worcester)

He claimed that money had been deposited into his account from an unknown source, and the bank asked him to pay the money back (It was not clear why this was the case or if events happened exactly in this way.). He refused to pay the money back, feeling that as it had been in his account it rightfully belonged to him, and his account was subsequently closed.

Of all the homeless participants interviewed, only one had managed to re-open their account by contacting their bank. Luke became homeless after his relationship broke down and has been living in the hostel in Worcester since. Like many homeless participants, he was unclear about what caused his account closure, thinking it could be linked to a bank transfer he made to his mother. Unlike other homeless participants, he contacted his bank about the closure and was able to get the account reinstated.

*“[Name of bank] has blocked my account three times. First time they said it was suspicious activity but there was none. I made a transfer to my Mum. It took three weeks to get it unfrozen”* (Luke, mid 30s, experiencing homelessness, Worcester)

### **While mostly noted by those who were experiencing homelessness, there was one example of an asylum seeker having their account closed**

An advocacy worker at a community centre helped a user, Arjun, when his account was shut down due to fraudulent activity. Arjun lacked clarity on why the account was closed and struggled when he was unable to receive his work and benefit payments. The advocacy worker called the bank for him and was in the process of reinstating the account at the time of the interview.

### **Some struggled to maintain access to online banking**

Of the research participants who were rough sleeping or experiencing homelessness, many did not have many possessions and spent long periods without a phone or smartphone. Their phones had either been lost, stolen by others, given to someone else, their whereabouts were unknown or they had been pawned for cash.

Given that many homeless participants did not have consistent access to phones, they often did not always have access to online banking. Even for those participants who did currently have a phone, they often did not expect to have the phone for very long and so didn't see the value in setting up online banking. Some participants recalled having their phones stolen, whilst others would exchange theirs for cash in Cash Converters. Simon would sell and buy back his phone from Cash Converters regularly, meaning that he would be unable to access online banking when he was without a phone.

Even when respondents were able to set up online banking, they sometimes struggled to remember passwords, with some relying on support staff members to keep track of passwords for them.

Danny was in foster care from the age of nine and is currently experiencing homelessness. He opened an account with a bank that required less ID verification. After this account was closed for fraudulent activity, he opened an account with another bank. He was locked out of his account for using the incorrect password and argued with bank staff, insisting that he only ever used the same password and was confused as to why he couldn't access his account when using it.

Aside from homeless participants, the level of use of online banking was also low within the asylum seeker and refugee cohorts. For some participants, this was because they were new to banking and felt more confident banking in person, especially in cases where they had lower digital literacy.

It's worth noting that for some asylum seekers living in a rural hotel, the cost of getting to their local branch was almost half of their weekly allowance. Reportedly receiving £8 a week, the single bus fare of £2 meant that these asylum seekers were rarely able to access their local branch despite wanting to.

### **A handful of the homeless cohort made active decisions not to engage with online banking in an effort to protect themselves**

Some research participants were distrustful of online banking entirely.

*"I don't trust it. I don't care how much security there is online, the right people know how to do it. That's why I will never touch online banking."* (Colin, mid 40s, experiencing homelessness, Worcester)

Colin had been homeless for 13 years living across England and Wales. He has avoided online banking due to suspicions that hackers can easily steal from accounts remotely.

On the other hand, people like Danny didn't trust themselves with access to online banking due to previous bad experiences.

*"I've had online banking before but I'm not good with it, so I don't use it anymore. I don't trust myself with it around the wrong people."* (Danny, early 50s, homeless, care leaver, Worcester)

Danny was a care leaver who was currently experiencing homelessness. He explained that when he had previously been under the influence of drugs, he had given his phone to other people who had then used his online account to steal money from him. He subsequently felt that it was safer for him to not have access to online banking.

Both Colin and Danny preferred to go into branches to speak to staff, but this wasn't always possible. The closure of branches meant that there were none in their locality, and they could not afford the cost of travelling to the closest one open.

*"I'm with [name of bank], and most of their branches are up north. It impacts me big time because if I need to sort something out, apart from over the phone I can't get to see anyone in person."* (Colin, mid 40s, experiencing homelessness, Worcester)

Whilst some of the homeless cohort perceived online banking as risky, one participant was using it as method of damage control, freezing his card whenever he lost it.

### **Some found it difficult to keep track of communications and paperwork**

Losing access to paperwork, cards and devices created multiple problems for people across the sample and ultimately meant that these participants had very little visibility of their account.

#### **Issues were exacerbated by missing communications**

Issues were exacerbated by the fact that the communication channels that banks typically offer don't necessarily work for members of the groups we interviewed, because they either don't have a phone or a fixed address. As a result, many of these people had no oversight of their account, making it harder to solve problems when they cropped up.

*"They charged me for going into an unauthorised overdraft, and it was going up and up, it eventually went to court without me even knowing because I'd never got the letters."* (Danny, early 50s, care leaver experiencing homelessness, Worcester)

Danny had moved address multiple times between living on and off the streets, so when he went into an unauthorised overdraft, he said he was unaware of having done so – an issue that was compounded by not having access to online banking. A similar situation occurred for Dwayne.

*“I’ve had my phone stolen many times, so I can’t access online banking. I didn’t have an overdraft, but I had monthly fees and they kept charging me and I didn’t know.”* (Dwayne, early 50s, asylum seeker experiencing homelessness, Peckham)

### **Some used workarounds that could introduce additional risk**

In situations where research participants didn’t have access to their bank accounts (due to losing their card, forgetting passwords or not having online banking), they would create informal workarounds to access their money.

Ollie had to rely on getting a code from his mother, who had access to his account.

*“I’ve got nowhere for a new card to get sent to, so my mum sends me a code to get cash out.”* (Ollie, early 30s, ex-offender currently experiencing homelessness, Worcester)

While this worked in practice, he mentioned a turbulent relationship with his mother, and that she had just dropped criminal charges against him.

Relying on others to manage money was a workaround that often resulted in negative consequences, as experienced by Gary, a homeless man from Liverpool.

*“I have to get my benefits sent to other people’s accounts, and sometimes they charge me to get them back.”* (Gary, mid 50s, experiencing homelessness, Liverpool)

Gary had been without a bank account for 25 years, claiming to be banned after going into an unauthorised overdraft and accumulating charges. Having relied on cash for most of his life working as a plasterer, work became much less regular after his marriage broke down and he became homeless. He then relied on Universal Credit. However, without a bank account to receive his benefits, he would use other people's accounts. This quickly led to issues with account owners withholding his benefits or charging him a fee to withdraw the money.



# Annex

## Detail on sampling and recruitment considerations

To gather insights into the experiences and challenges faced by vulnerable individuals, researchers visited a diverse range of settings across England and Wales. These settings were selected based on the types of support services available to specific vulnerable groups, such as the homeless, asylum seekers, refugees and care leavers.

Sites visited	Number of people spoken to
<ul style="list-style-type: none"> <li>Homeless shelter in Brighton</li> <li>Homeless shelter in Worcester</li> <li>Homeless shelter in Liverpool</li> </ul>	16
<ul style="list-style-type: none"> <li>Asylum hotel in Wiltshire</li> <li>Drop-in centre London</li> <li>Somalian support centre Sheffield</li> <li>Drop- centre Swansea</li> <li>Women's centre in Peckham</li> </ul>	19
<ul style="list-style-type: none"> <li>Food bank in London</li> </ul>	5
<ul style="list-style-type: none"> <li>Care leavers support centre London</li> </ul>	3

The table below outlines how many individuals within each group were interviewed. A number of individuals had experienced multiple situations (for instance, an ex-offender who was also experiencing homelessness), which accounts for the total below (51) exceeding the number (43) of people interviewed.

Cohorts	Number of people interviewed
People experiencing homelessness	19
Asylum seekers and refugees	21
Ex-offenders	8
Recent care leavers	3

### Benefits of the approach

By working with support organisations, the research team successfully reached vulnerable people who wouldn't normally take part in research. Conducting face-to-face interviews removed barriers and allowed those who might have been left out in an online-only format to be included.

Researchers being present at the settings enabled observation of behaviours and additional context to be captured. Similarly, visiting the organisations enabled interviews with staff to be carried out and provided the opportunity for researchers to directly see the help and services available.

### **Limitations of the approach**

Due to the nature of the research cohorts, there was variability in the depth of engagement across the sample, and interviews also varied in length.

Because of the in-setting nature of the fieldwork, the sample was skewed to those who were accessing support. Additionally, the research team had less control over the specific characteristics and experiences of the interviewees in the sample due to a reliance on organisations to schedule and organise interviews. Therefore, the sample is not representative.