

BETWEEN LIFE AND DEBT

Invisible Lives and the UK Consumer Credit Market

Towards a Taxonomy of Debt in the UK

Research Project Report prepared by

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Executive Summary

This report presents findings from the 'Between Life and Debt' research project, funded by the Warwick Research Development Fund. It investigates how ethnic minority communities in the UK navigate the consumer credit market and how indebtedness operates as a structural, racialised, and gendered experience, one that renders many lives invisible within mainstream financial and policy discourse.

The project brings together legal analysis, economic data, and data visualisation to challenge the normative framing of problem debt in the UK. It reveals that for Black, Asian, and Minority Ethnic (BAME) communities, debt is not simply a financial phenomenon; it is deeply embedded in histories of inequality, precarious employment, discriminatory structures, and the lived reality of the cost-of-living crisis and a decade of austerity.

Key findings include:

- Ethnic minority households particularly Bangladeshi, Pakistani, and Black communities have the lowest household incomes and hold a disproportionately small share of household wealth compared to white British households.
- The income gap between white households and most ethnic minority communities widened between 2017 and 2020, except for Indian and Chinese groups.
- Existing national datasets, including the FCA Financial Lives Survey, systematically underrepresent ethnic minority groups producing significant missing data and preventing meaningful comparison across groups and time.
- Debt is not a uniform experience, and the project proposes a taxonomy of debt; *survival debt*, *opportunity debt*, and *extractive debt* which reflects the unequal access to different forms of credit across ethnic lines.
- There is a critical need for qualitative research that centres the voices and lived experiences of indebted minority communities, as quantitative data alone cannot capture the full story.

1. Background and Context

1.1 The Research Question

In the United Kingdom, access to credit has become intrinsic to everyday life. Whether for housing, education, food, or transport, borrowing is not simply a financial choice it is a social reality of belonging. Yet the experience of credit is profoundly unequal. For many within ethnic minority communities, it is not the availability of credit that defines their experience, but rather the kind of credit available to them, the terms under which it is offered, and the shame, anxiety, and precarity that accompany it.

The 'Between Life and Debt' project asks: in what ways is the burden of debt experienced amongst ethnic minorities in the UK's consumer credit market? It offers a qualitative analysis of the lived experiences of indebtedness, examining the debt management and relief strategies of those affected, and how these communities reject, resist, and negotiate the debts they undertake.

1.2 The Cost of Living and the Myth of Universal Crisis

The UK's recent economic trajectory marked by the global financial crisis, sustained austerity, low wage growth, gig economy proliferation, Brexit disruption, and the Covid-19 pandemic has pushed many households towards financial precarity. These exogenous shocks have compounded existing structural vulnerabilities, particularly for those already on the margins.

However, there is a critical distinction to be drawn here. When crises affect everyone, they receive policy attention. When they affect ethnic minority communities disproportionately and persistently, they are often misrecognised, minimised, or erased from public discourse entirely. This is what has been theorised as 'routinised crisis' the normalisation of hardship for those who have faced structural disadvantage for decades, long before the most recent waves of economic instability.

This is not a new crisis for many BAME communities in the UK. It is the continuation of one that has rarely attracted the political urgency it deserves even as evidence from the Windrush scandal, the Grenfell Tower tragedy, child poverty statistics, and housing inequality reports points unmistakably to a racialised architecture of disadvantage.

1.3 Credit as a Racialised Experience

The government's encouragement of credit as a vehicle for economic participation masks a profound asymmetry: not everyone can access credit on the same terms, and not everyone who borrows does so from the same position. There is a significant difference between borrowing to accumulate wealth and borrowing to survive and that difference maps onto race, class, gender, legal status, and disability in ways that mainstream financial services discourse routinely ignores.

As Abbye Atkinson's influential 2020 paper 'Borrowing Equality' highlights, the framing of credit as empowerment conceals its capacity for harm particularly for those who lack the financial buffers, social capital, or structural access that transform debt from a manageable tool into a chronic burden. Dignity, in this context, is not simply about having access to credit. It is about the

terms on which that access is granted and the extent to which the system is designed with the most vulnerable in mind.

2. A Taxonomy of Debt

A central contribution of this project is the development of a taxonomy of debt, a framework that moves beyond aggregate financial statistics to capture the qualitatively different ways in which debt is experienced across social groups. Building on existing scholarship, the project identifies four broad categories of debt and their relationship to structural inequality.

2.1 Survival Debt

Survival debt refers to everyday borrowing that enables people to cover necessities: groceries, utility bills, clothing, and transport. This form of debt accessed through credit cards, store cards, overdrafts, and buy-now-pay-later schemes is not about aspiration or investment. It is about getting through the week.

For many within BAME communities, survival debt is not an occasional recourse but a chronic feature of everyday life, a consequence of income levels that do not keep pace with the rising cost of living and structural barriers to higher-earning employment. The stigma attached to this form of borrowing is disproportionately borne by those with fewest alternatives.

2.2 Opportunity Debt

Opportunity debt encompasses borrowing that enables social and economic mobility: mortgages, student loans, and motor finance. These forms of debt are framed by mainstream discourse as productive investments yet access to them is far from equal. The ability to accumulate opportunity debt is itself a function of existing privilege. Access to home ownership, higher education, and reliable transportation is shaped by income, credit history, structural discrimination in lending, and inherited wealth. Communities that have been historically excluded from these pathways face compounding disadvantages not just in what they can borrow, but in what debt can do for them.

2.3 Extractive Debt

Extractive debt refers to high-cost borrowing that disproportionately targets and harms the most financially vulnerable: payday loans, pawnbroking loans, home-collected credit, and catalogue credit. These products carry exorbitant interest rates and are frequently marketed to and used by those with no access to mainstream credit. Crucially, the decision to use extractive debt is rarely a free choice. It reflects the options available to individuals whose financial circumstances have been shaped by structural inequality, lower incomes, precarious employment, higher rates of benefit dependence, and the exclusion from conventional financial services that often follows from poor or absent credit history. The language of 'consumer choice' is wholly inadequate to describe the reality of extractive debt.

2.4 Unpayable and Illegal Debt

A fourth category not yet fully represented in existing national datasets encompasses debt that is structurally unpayable or that arises from illegal lending. These forms of debt are particularly likely to affect those who fall outside the reach of regulated financial services entirely: undocumented migrants, those in deeply precarious work, and individuals subject to predatory lenders operating

outside the law. The absence of these categories from the FCA's Financial Lives Survey is itself significant. It reflects a structural blind spot in national data collection, one that renders the most marginalised debtors invisible to the very institutions designed to monitor and regulate consumer credit.

3. Data, Evidence, and the Limits of Visibility

3.1 Income Inequality Across Ethnic Groups

Analysis of government data on UK inequality reveals a stark and persistent income divide. Bangladeshi, Pakistani, and Black households consistently record the lowest median household incomes well below the UK median. Critically, the data shows that between 2017 and 2020, the income gap between white British households and most ethnic minority communities continued to widen.

There is important variation within this picture: for Indian and Chinese communities, the gap with white British households was narrowing during this period. But for Bangladeshi, Pakistani, Black Caribbean, and Black African households, the gap was moving in the opposite direction. This points to the need for disaggregated analysis that resists treating 'BAME' as a homogeneous category, since income inequality is not only between ethnic groups and white British households, but within the category of ethnic minority communities itself.

These income inequalities directly shape the type and quality of debt available to different communities. Where access to income and opportunity is unequal, access to forms of debt that build wealth rather than merely managing poverty will be similarly unequal.

3.2 Household Wealth and Its Racialised Distribution

Data from the ONS Wealth and Assets Survey (2010–2018) reveals significant and growing disparities in median total household wealth across ethnic groups. White British households have consistently held the highest levels of household wealth, with this advantage increasing over time. By contrast, Black African households have remained at the very bottom of the wealth distribution throughout this period.

Household wealth is not simply a measure of prosperity it is also a measure of financial resilience. Households with assets have buffers against financial shocks: savings, property, investments that can be drawn upon in moments of crisis. Households without these assets have no such buffer. They are dependent on credit, often the most expensive and extractive forms of credit when unexpected costs arise.

Median total household wealth, by HRP

Source: GeneralWealthHRP2010-2018

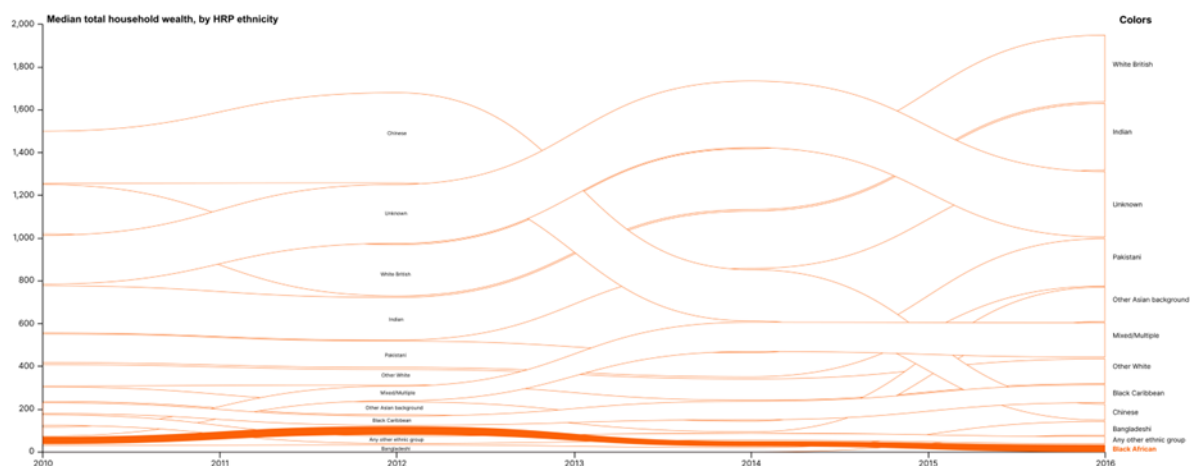


Figure 1: the median household wealth by Household Reference Person has increased and changes across time depending on different ethnic groups.

3.3 Missing Data and the Problem of Invisible Communities

One of the most significant findings of this project concerns the limitations of existing data rather than its content. The FCA Financial Lives Survey, a major source of data on consumer credit in the UK systematically underrepresents ethnic minority communities.

For many survey questions, the sample sizes for ethnic minority respondents are too small to produce statistically reliable results. This means that for significant numbers of questions, there is simply no usable data for Bangladeshi, Pakistani, Black Caribbean, Black African, or Mixed ethnic respondents. The communities most likely to be experiencing financial hardship are the ones for whom data is most conspicuously absent.

This is not a technical oversight, it is a structural problem. Survey design, sampling methodology, and the categories used to classify respondents all embed assumptions that tend to centre majority white British experience and render minority communities statistically invisible. Additionally, the ethnic group categories used by the FCA diverge from those used by the ONS and have changed between survey years (2020 and 2022), making longitudinal and cross-dataset comparison extremely difficult.

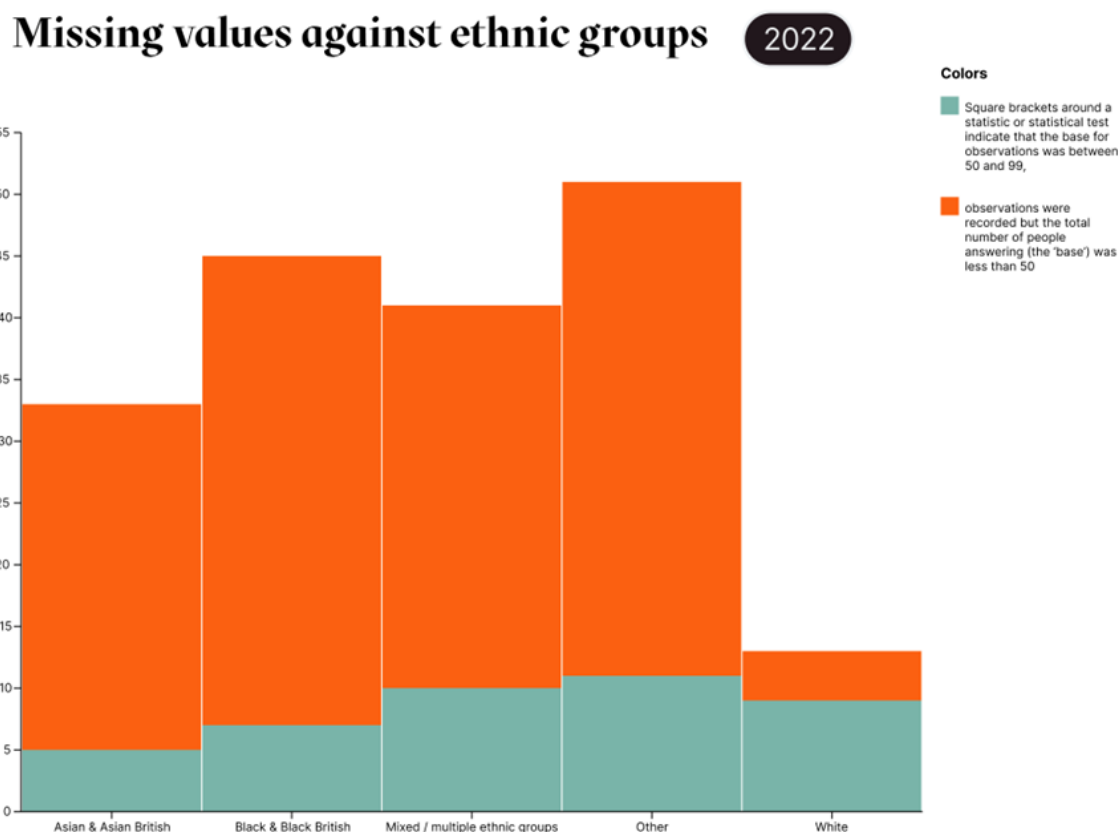


Figure 2: The image shows a bar chart depicting the amount of missing data against each ethnic group. Missing data refers to the size of the interviewed sample which was not big enough to be representative.

3.4 Data Feminism and the Politics of Representation

The project draws on the framework of data feminism the principle that data is never neutral, and that how we collect, categorise, and represent information reflects and reproduces existing power relations. When national datasets fail to adequately represent ethnic minority communities, the harm is not simply academic. Policy is made based on available evidence. If that evidence systematically obscures the experiences of the most vulnerable, the policy that follows will reflect that exclusion.

This project argues for a fundamentally different approach to data collection: one that treats representation not as a methodological afterthought but as an ethical imperative. Data should be collected in ways that make visible the stories of those most affected by inequality, not merely counted in ways that make their stories disappear into margins of error.

4. Invisible Lives: Debt, Dignity, and Ethnic Minority Experience

4.1 The Search for a Good Life

At the heart of this project is a deceptively simple observation: people borrow because they want or need something. In ordinary times, credit enables participation in consumption, in aspiration, in what it means to belong to contemporary society. In crisis times, it enables survival. For ethnic minority communities in the UK including migrants who have made this country their home credit is bound up with the project of building a life.

But the terms on which that life can be built are not equally available. Legal status, employment precarity, credit history, language barriers, and racial discrimination in financial services all shape who can access what kinds of credit, at what cost, and with what consequences. The 'good life' that credit is supposed to enable is, for many, perpetually deferred, replaced by the grinding reality of debt that cannot be repaid on terms that were never fair.

4.2 The 'Black Tax' and Transnational Financial Burdens

For many within migrant and diaspora communities, financial pressure does not stop at the household door. The concept of the 'black tax'- informal but deeply embedded obligations to support family members in countries of origin - adds a further and largely invisible layer of financial burden.

Migrants who send money home are acting as safety nets for families abroad sometimes at significant cost to their own financial stability. This transnational dimension of indebtedness is entirely absent from national datasets and policy frameworks. It is one of the ways in which the financial lives of ethnic minority communities extend beyond the categories that mainstream research and policy are designed to see.

4.3 Shame, Financialisation, and Structural Blame

A recurring theme in the project's engagement with existing research is the role of shame. The 'financialisation of everyday life', the process by which individuals are expected to navigate complex financial markets, plan for retirement, manage debt, and secure their futures, frames financial failure as personal failure. It places the burden of structural problems on individual shoulders.

Research on retirement planning, for example, finds that women and particularly women from ethnic minority backgrounds frequently experience shame about their inability to save for the future. What goes unexamined is the structural context: lower average earnings, interrupted employment histories due to caring responsibilities, and concentration in low-paid sectors of the economy. Shame individualises what is, in fact, a collective and structural problem.

Similarly, the concept of 'flex security' originally designed to offer workers greater flexibility alongside employment security has in practice delivered flexibility without security,

disproportionately affecting women and precarious workers in ways that compound financial vulnerability.

4.4 Geography, Race, and the Spatial Dimensions of Debt

Inequality in the UK has a pronounced geographical dimension. Regions differ significantly in terms of income levels, housing costs, employment opportunities, and access to public services. These geographical inequalities do not map neatly onto racial inequalities, but they intersect with them in important ways.

Research on racial geographies of welfare sanctions has shown that Black ethnic groups are penalised by the benefits system at higher rates than other groups, a disparity that reflects both the spatial concentration of Black communities in particular areas and the structural design of enforcement practices in those areas. Council tax debts, parking fines, and benefit sanctions all carry a geographical dimension that interacts with race in ways that have been systematically underexamined.

The government's increasing practice of selling consumer debt including debts owed to public institutions to private collection agencies raises further questions about who bears the costs of this process and where those costs fall hardest.

4.5 Resistance, Negotiation, and Plural Narratives

A distinctive and important aspect of this project is its insistence on agency. Ethnic minority communities in debt are not simply passive recipients of financial harm. They reject, resist, and negotiate the terms of the debts they carry, developing strategies for debt management, drawing on community networks, challenging lenders, and seeking alternatives to extractive products.

Making these strategies visible and understanding them on their own terms is a critical part of what this research sets out to do. A plural narrative of financial inclusion recognises that affected communities are not simply defined by their vulnerability but by their resourcefulness, solidarity, and resistance.

5. Recommendations

Based on the research findings presented in this report, the project makes the following recommendations for policy, practice, and future research:

Recommendation 1: Rebuild the Safety Net with Racial Equity in View

Policymakers should examine whether existing welfare, housing, and healthcare provisions adequately support those on low incomes and whether those provisions are equitably distributed across ethnic groups. The question of whether lack of income is a dignity issue for individuals depends significantly on whether the state steps in to fill the gap. The current record suggests it often does not and does not equally.

Broader models including universal basic income and enhanced social security should be considered in light of what the evidence shows about which communities are most exposed to financial crisis and why.

Recommendation 2: Address the Shame of Financialisation

Financial education and consumer credit policy must move beyond individualistic frameworks that place responsibility for financial wellbeing entirely on consumers. The 'financialisation of everyday life' imposes unrealistic expectations on individuals particularly those navigating systems that were not designed with them in mind. Policy should address structural barriers to financial participation rather than attributing financial difficulty to personal failure.

Recommendation 3: Gender, Flexibility, and Work Security

Employment policy must grapple with the consequences of labour market 'flexibility' for financial security, particularly for women and those in precarious work. The promise of 'flex security' has not been fulfilled. Policy frameworks should prioritise genuine employment security alongside flexibility, with particular attention to the disproportionate impact on women from ethnic minority backgrounds.

Recommendation 4: Invest in Geographically Disaggregated Research

National-level data on income, debt, and financial inclusion masks significant regional variation. Research and policy must invest in understanding how local and regional inequalities intersect with racial inequalities including in specific areas such as devolved nations, post-industrial towns, and areas with high concentrations of ethnic minority populations.

Recommendation 5: Urgently Reform Data Collection to Include Marginalised Voices

National surveys including the FCA Financial Lives Survey must be redesigned to ensure representative sampling of ethnic minority communities. This includes oversampling of groups that are consistently underrepresented, standardisation of ethnic group categories across datasets

and survey years, and inclusion of questions that capture forms of debt including unpayable and illegal debt that affect the most marginalised but are currently invisible to national data collection.

Beyond quantitative reform, there is an urgent need for qualitative research that places the voices of those living with debt at the centre of the analysis not as case studies or statistics, but as the primary source of knowledge about what debt means, how it is managed, and what dignity in financial services would require.

6. Conclusion

The 'Between Life and Debt' project makes a case for dignity at the heart of financial services. It challenges the normative framing of problem debt, the idea that indebtedness is a personal failing, the result of poor choices or inadequate financial literacy and replaces it with an analysis that takes structural inequality seriously.

What emerges from this research is not a story about irresponsible borrowers. It is a story about a financial system that has consistently failed its most vulnerable participants and about communities that have developed resilience, strategies, and solidarity in response to that failure. These invisible lives deserve to be seen.

This project represents an early stage of a longer programme of research. The team is actively pursuing further funding to extend this work deepening the qualitative analysis, broadening the geographical scope, and developing data visualisation tools that can communicate the complexity of racialised indebtedness to policy makers, practitioners, and the public.

The cost-of-living crisis has brought questions of financial inclusion and debt into sharp focus. This project insists that those questions cannot be answered without confronting race and without listening to the communities whose lives have long been shaped by the weight of debt that others rarely must carry.

Project Information

About the Project

'Between Life and Debt: Embedding Dignity and Equity within the UK Consumer Credit Market' is a 10-month interdisciplinary research project funded by the Warwick Research Development Fund. The project began in September 2023 and is led by Warwick Law School and the Warwick Department of Economics, in collaboration with the Department of Design at Politecnico di Milano.

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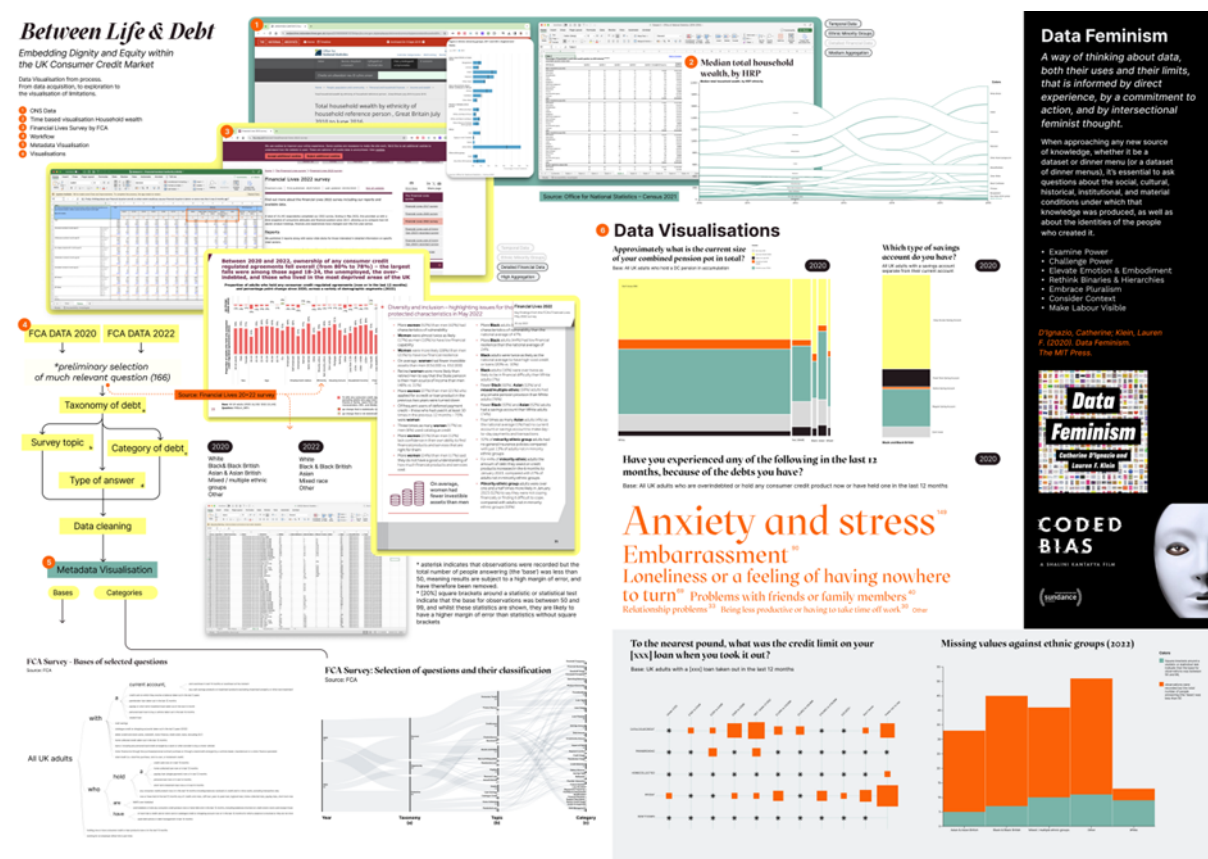
Project Website

<https://warwick.ac.uk/fac/soc/law/research/projects/between-life-debt/>

Disclaimer

The views and analysis presented in this report reflect the findings and interpretations of the research team and expert consultees. They do not represent the official position of the University of Warwick or any funding body.

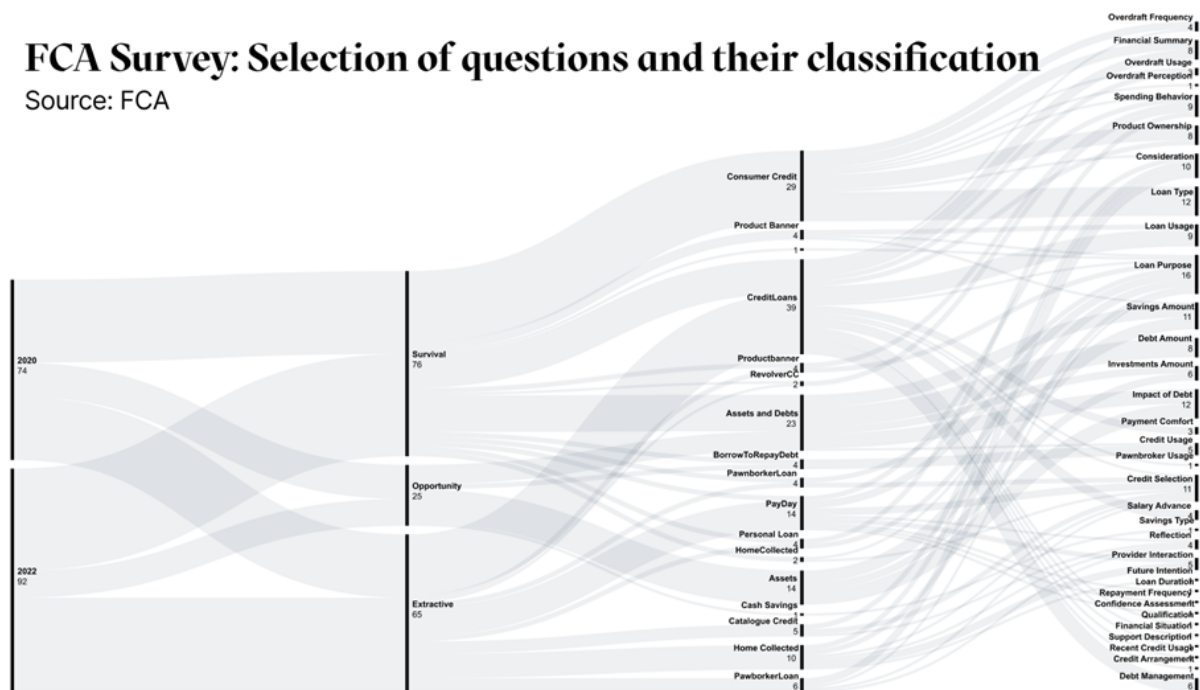
Appendix



Appendix 1: The board displays the dataset design and visual exploration processes carried out during the research.

FCA Survey: Selection of questions and their classification

Source: FCA



Appendix 2: classification of questions from selected FCA surveys (2020 and 2022)

FCA Survey - Bases of selected questions

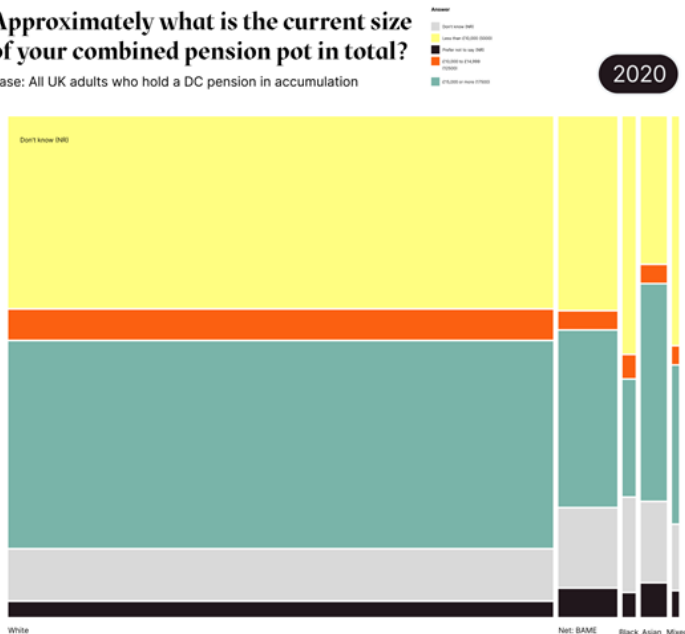
Source: FCA



Appendix 3: classification of bases of questions selected from 2020 and 2022 FCA surveys

Approximately what is the current size of your combined pension pot in total?

Base: All UK adults who hold a DC pension in accumulation



2020

Which type of savings account do you have?

All UK adults with a savings account separate from their current account



2020

Appendix 4: Two tree-map visualisations. On the left a tree-map showing the current sizes of combined pension pots against each ethnic group has emerged from the surveys. On the right the type of saving accounts.