

Vanquis Financial Wellbeing Index

The Heart of Working Britain: Financial reality for workers earning up to £40k a year

Q3 2023 – Q3 2025

Executive summary

The latest edition of the **Vanquis Financial Wellbeing Index** explores the financial realities of UK workers earning up to £40k - a group we define as the Heart of Working Britain. These are the people powering key sectors like healthcare, education, retail, transport, and public services. They form the backbone of the economy and represent around half of the UK's working population*.

Drawing on two complementary datasets, the report provides both a factual and emotional view of the financial wellbeing of this group.

The first half of the report uses anonymised, transaction-level data from Snoop, mapping real spending, income, and saving behaviours among households earning up to £40k. The second half, based on consumer research from Mintel, explores attitudes, confidence, and financial sentiment, revealing how people feel about their money and future, comparing the attitudes of those earning up to and over £40k.

Key findings:

The Heart of Working Britain are experiencing ongoing financial pressures, despite some marginal short-term improvement. However, feelings of financial worry remain high and levels of financial resilience are low.

- **Spare cash:** The amount of money left over each month ('spare cash') edged down to 11% this quarter (from 12%), as spending rose 2% quarter-on-quarter (QoQ) and outpaced 1% QoQ income growth, modestly squeezing financial headroom. (Source: Snoop | Spare cash = (income – bills/spending) ÷ income.)
- **Savings ratio:** Despite having 11% of income left after bills and spending, households earning up to £40k saved on average 1.81% of their income (up from 1.48%) indicating a

slight uplift in the ability or willingness to save, although rates remain low. (Source: Snoop)

- **Spending adjustments:** Among households earning up to £40k, 60% are switching to own-label groceries (from 62%), 59% are moving to cheaper supermarkets (from 61%), and 73% are cutting back on non-essentials (from 78%). (Source: Mintel)
- **Income boosters:** On the income side, 37% report working more hours (from 42%) and 33% have taken second jobs (from 35%). Together, these shifts suggest financial pressures remain elevated but are starting to stabilise. (Source: Mintel)
- **Money worries remain:** Fewer people expect to miss a bill payment over the next three months (11%, down from 14%) and fewer expect to rely on credit (19%, down from 23%). Despite this, stress about money has remained a consistent problem at 41% (from 40%). (Source: Mintel)
- **Two-speed recovery:** 52% of households with household income over £40k feel better off (from 43%) vs 27% under £40k (from 25%). (Source: Mintel)
- **Festive belt-tightening:** 1 in 5 households with household income under £40k plan to cut back this Christmas. (Source: Mintel)

VFWI at-a-glance

Spare cash¹

11% left after bills and spending (was 12%)

Spending adjustments²

60% switched to own-label groceries (was 62%)

Money worries²

59% moved to cheaper supermarkets (was 61%)

11% expect to miss a bill (was 14%)

26% rely on credit (was 29%)

41% say mental wellbeing affected² (was 40%)

Festive belt-tightening²

1 in 5 under-£40k households plan to cut back this Christmas

Savings rate¹

1.81% of income saved (was 1.48%)

Income boosters²

37% working more hours (was 42%)

33% have a second job (was 35%)

Two-speed recovery²

Feel better off YoY:

52% over £40k vs **27%** under £40k.

Only **14%** under £40k confident they could afford to have children

Data source:

¹Snoop (behaviour)

²Mintel (sentiment)

Financial headroom: stable

The Heart of Working Britain continues to show resilience, maintaining financial headroom despite persistent cost pressures. This quarter, income rose 1% QoQ while spending rose 2% QoQ, narrowing the surplus slightly to 11% (from 12%) but leaving a meaningful cushion in place.

Key metrics

Quarterly surplus: 11% (down from 12%)

- Income +1% (QoQ)
- Spending +2% (QoQ)

One-year surplus: 11% (up from 9%)

- Income +12% (YoY)
- Spending +7% (YoY)

Two-year surplus: 12% (up from 10%)

- Income +19% (2-year)
- Spending +18% (2-year)

Surplus = (income – bills/spending) ÷ income

Income = salary/benefits

Spending = all outflows across both essential and discretionary spending

For households earning up to £40k, income growth is helping preserve a small but meaningful buffer after essentials.

Essential spending

Essential spending includes finance & insurance, groceries, household bills, and vehicle/transport. It stabilised this quarter (flat QoQ) after a period of steady increases. The broader trend remains upward, +6% YoY and +12% over two years, reflecting the lasting impact of elevated prices across core household bills and spending. (Source: Snoop)

Essential spending - key metrics

- Quarter-on-quarter:** 0% (flat)
- Year-on-year:** +6%
- Two-year trend:** 12%

Essential spending - key highlights

- Energy bills:** remained flat over two years and YoY with a **4%** decline QoQ - short-term relief, though costs remain historically high.
- Water bills:** up **48%** over two years, **23%** YoY, and **10%** QoQ - steep ongoing increases.
- Mortgage & rent:** up **14%** over two years and **6%** YoY, **down 2%** QoQ - a slight easing in the short-term but continued pressure overall.
- Insurance premiums:** up **15%** over two years, down **4%** YoY, and up **6%** QoQ - softening after prior spikes, but still rising.

- Groceries:** up **12%** over two years, **up 3%** YoY, **down 3%** QoQ - persistent pressure with a short-term dip.
- Vehicle/Transport:** up **6%** over two years, **up 3%** YoY, **down 2%** QoQ - long-run rise with modest quarterly easing.

(Source: Snoop)

The recent easing in some essentials is cyclical rather than structural. Energy is down QoQ largely on seasonal usage and switching but remains high versus recent years. Water charges continue to climb due to infrastructure and regulatory pressures, while housing costs have edged back with a softer rate backdrop yet stay elevated. Insurance premiums are easing as the pricing cycle normalises, and groceries show competitive discounting and promotion-led dips - even as underlying price levels remain sticky. Transport has moderated short-term on fuel softness, but the longer-run trend still points up given servicing and insurance costs. The net effect is consumers are getting a brief breather, but the baseline cost-of-living remains high.

Savings levels remain low

Despite maintaining an average surplus of around 11% of income, households earning up to £40k continue to save only a small proportion of their earnings.

The average savings rate stands at 1.81% this quarter, up from 1.48% last quarter and YoY, and 1.41% two years ago. While this marks gradual improvement, it remains low and signals limited progress in building long-term security.

Savings - key metrics

- Quarterly savings rate:** 1.81% (up from 1.48%)
- One-year savings rate:** 1.48% (up from 1.41%)
- Two-year savings rate:** 1.41%

(Source: Snoop)

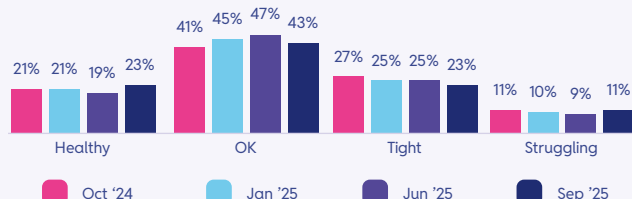
More people are finishing the month with a surplus, but much of it isn't being channelled into savings. Instead, it is likely held as cash buffers and used to cover variable essentials. That preserves short-term flexibility but slows progress on resilience. Strengthening confidence and simple saving habits (even small, regular amounts) will be key to turning today's stability into lasting financial wellbeing.

Financial wellbeing

Mintel's survey of attitudes, confidence and sentiment shows overall improvement in financial stability, but recovery is uneven by income.

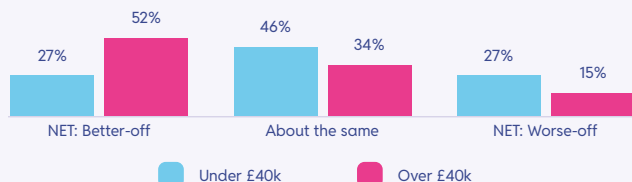
- Households with income over £40k are nearly twice as likely to describe their situation as "Healthy/OK."
- Households with income under £40k are almost twice as likely to feel "Tight/Struggling."

Financial Situation - Under £40k income households



Higher-income households are regaining stability faster. 52% of households with income over £40k feel better off than a year ago (up from 43%), versus 27% of households under £40k (up from 25%). Among under-£40k households, similar shares feel better and worse off, signalling continued instability. (Source: Mintel)

How does your own financial situation compare to how it was a year or so ago?

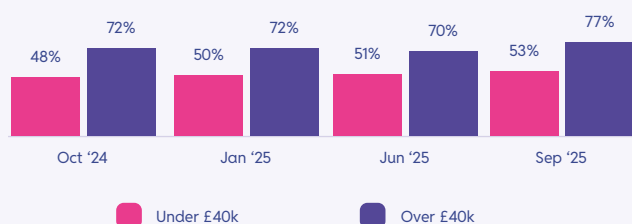


Savings and debt: the growing divide

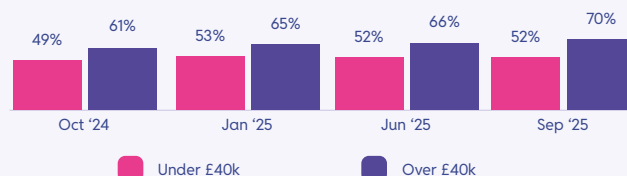
Savings and debt reduction remain critical indicators of financial wellbeing.

- Under £40k:** around half cannot save or reduce debt.
- Over £40k:** more are strengthening finances, helped by more frequent pay rises and additional income streams.

I've been able to add to my savings - Yes



I've been able to reduce my debt - Yes



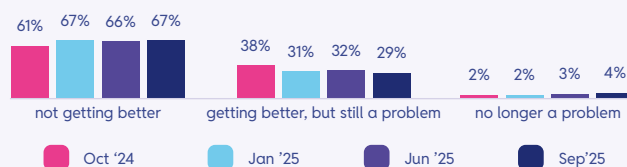
Persistent cost-of-living concerns

Early recovery signs sit alongside ongoing strain.

- Under £40k:** almost 70% say the cost-of-living crisis isn't improving.

Households with under £40k income

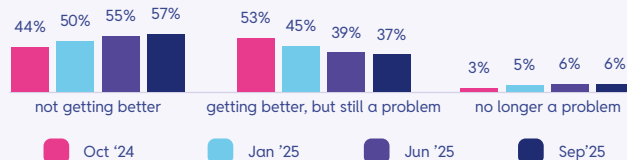
Do you think the UK cost-of-living crisis is...



- Over £40k:** nearly 6 in 10 share the same concern.

Households with over £40k income

Do you think the UK cost-of-living crisis is...



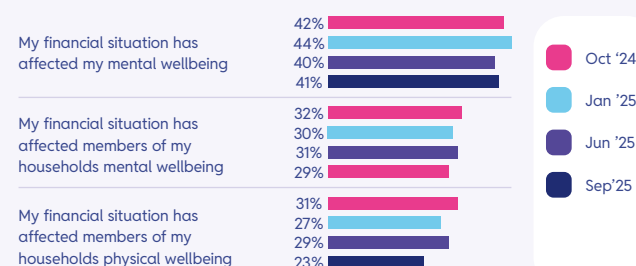
(Source: Mintel)

Financial wellbeing and mental health

Financial stress continues to weigh on wellbeing - especially for those under £40k

- Anxiety about bills, job security and future costs remains elevated.
- Small gains aside, lower-income wellbeing metrics remain materially weaker than for higher-income groups.

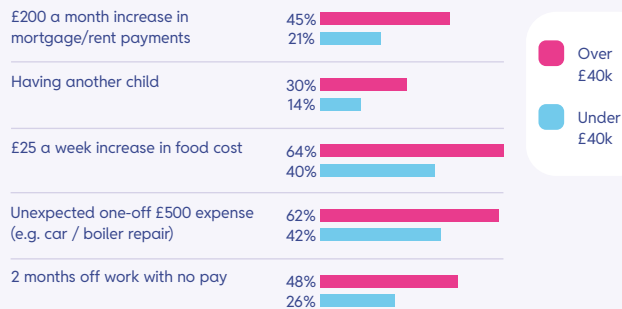
Under £40k: do the following statements apply to you



Financial resilience

Financial resilience among households with under £40k income remains limited, with the greatest strain around life events (e.g. having children) and potential income shocks (housing costs, loss of pay). Day-to-day pressures such as one-off bills and food costs are somewhat less severe but still material.

How confident/unconfident are you that you could afford the following? - Confident

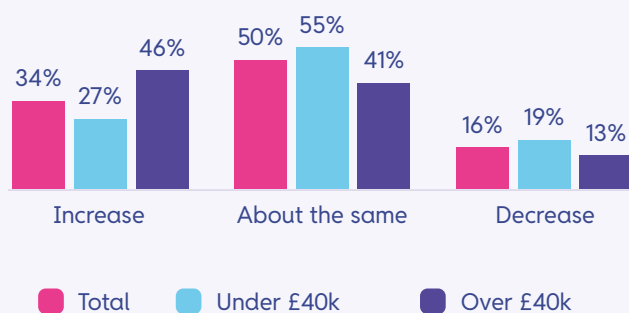


Festive outlook

Spending plans for the coming festive season diverge by income.

- Household income under £40k: 55% expect to spend the same this year versus last; 27% to increase; 19% to cut back.
- Household income over £40k: 41% expect to spend the same; 46% to increase (including 11% “significant” increase); 13% expect to reduce. (Source: Mintel)

Compared to last year's festive period, how are you expecting your overall spending to change for this year's festive period?



Conclusion

The Heart of Working Britain is holding the line, not turning the corner. Transaction data shows a steady 11% monthly surplus and a modest rise in the savings rate to 1.81%, but essential costs remain structurally higher (+6% YoY / +12% over two years), keeping headroom tight.

Households are still doing the heavy lifting - trading down, cutting non-essentials, working extra hours and taking second

jobs - while sentiment has improved only at the margins: fewer expect to miss bills or rely on credit, many still do and 41% report money affecting their mental wellbeing.

The recovery is two-speed. Higher-income households are pulling ahead (52% feel better off), while those under £40k remain far less confident about absorbing common shocks (housing costs, income loss, family events). More people finish the month with a surplus, but too little of it becomes savings - pointing to fragile resilience rather than durable financial security.

What can be done to build financial security

Turn headroom into resilience (even if it's small)

- Set an auto-transfer on payday (e.g. £10–£25) into a separate savings pot.
- Use roundups and goal trackers to build a £250–£500 starter emergency fund, then aim for 1–3 months of essentials.

Cut the cost of essentials without cutting usage

- Do a 30-minute tariff check for energy, water, broadband/phone, and insurance; switch or negotiate at renewal.
- Trim subscriptions you barely use and set renewal reminders.

Make debt cheaper and faster to clear

- List debts by APR, prioritising the highest rate first (avalanche).
- Consider a 0% balance transfer if you can repay within the promo window and avoid new spending on that card.

Claim what you are entitled to

- Vanquis' partnership with Fair Finance has helped more than 11,000 people identify and claim over £17 million in annual benefits since December 2024.
- Check benefit/top-up entitlements and bill support schemes you might qualify for here: www.vanquis.com/take-control/benefits-calculator/

Taken together, the data points to a simple truth: progress is possible, even in a tight economy, when small surpluses are protected and put to work. If households under £40k can lock in small savings habits, trim unavoidable costs, and make borrowing cheaper, today's fragile stability can harden into lasting financial resilience. That is how the recovery broadens beyond higher earners and how the Heart of Working Britain builds security that endures.

About the Vanquis Financial Wellbeing Index

- Data Source: Snoop / SpendMapper
- Data: The analysis is based on anonymised transactional data from a stable cohort of 2,887 people, covering a two year period from Q3 2023 to Q3 2025. The data reflects consistent transaction and income history over this time frame. Within this broader cohort, a focused subset of 1,404 participants earning up to £40k annually provides targeted insights into the financial behaviours and pressures faced by lower- to moderate-income earners.
- Mintel: Consumer Financial Wellbeing Survey on behalf of Vanquis
 - Fieldwork dates:
12th September - 24th September 2025
 - Source: Kantar Profiles/Mintel
 - Market: Great Britain
 - Base: 1000 internet users aged 16+
 - 559 earning less than £40k pa
 - 388 earning more than £40k pa
 - 53 preferred not to disclose earnings

About Vanquis

- Vanquis is the UK's largest specialist finance provider for financially underserved customers and one of the biggest financial services businesses outside the Southeast.
- Headquartered in Bradford and listed on the London Stock Exchange, Vanquis serves 1.69 million customers through core banking services and Snoop, a platform that helps individuals save up to £1,500 annually on spending and household bills.
- Committed to financial inclusion and social mobility, Vanquis provides tailored products and services that empower customers to take control of their financial futures. This aligns with our mission: to deliver caring banking so our customers can make the most of life's opportunities.

The next Vanquis Financial Wellbeing Index will be published in February 2026.

