

Vanquis Financial Wellbeing Index

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

April 2024 – April 2026

The latest Vanquis Financial Wellbeing Index suggests many households are beginning to regain some financial breathing space after several challenging years.

The findings show many lower- and middle-income earners are managing their finances carefully and adapting effectively, despite still having limited financial flexibility and savings buffers.

The UK appears to be moving beyond the peak of the cost of living crisis, but not yet into a period of durable financial resilience.

The challenge now is not simply helping people manage periods of financial strain, but enabling them to convert improving financial stability into stronger long-term resilience and greater financial security.



Ian McLaughlin,
CEO Vanquis

Financial Wellbeing Score for households earning up to £40k¹

68 /100

Shows lower-income households are managing finances more effectively than wider economic pressures alone might imply

Financial headroom²

Quarterly surplus

18%

- Income +9% (QoQ)
- Spending -6% (QoQ)



Savings rate

3%

of income over two years

Financial Wellbeing of households earning under £40k¹



Emotional wellbeing

42%

Under £40k households say finances affect mental wellbeing



Financial confidence

Feel in control over finances all or most of the time

60%

Under £40k households

74%

Over £40k households



Savings confidence

29%

Under £40k households saved nothing in the past 6 months

12%

Higher-income households saved nothing in the past 6 months

Cost pressures for households earning under £40,000¹

77% Under £40k households cutting non-essential spending

64% Buying more own-label groceries

60% Switching to cheaper supermarkets

70% Say the cost of living is still not improving

Selective recovery²

+19% Entertainment & leisure spending over two years

+13% Travel and holiday spending over two years

-19% Bars & pubs spending over two years

¹ Mintel consumer sentiment research with a nationally representative sample of UK adults

² Snoop behavioural transaction data from anonymised UK bank account holders. Reflects actual spending and saving behaviour

Executive summary

The latest edition of the Vanquis Financial Wellbeing Index (VFWI) examines the financial realities of UK households earning up to £40,000 a year, the “Heart of Working Britain” powering sectors including healthcare, retail, education, transport and public services.

The data suggest household finances are beginning to stabilise after a prolonged period of pressure. Rising incomes and improving affordability are supporting cashflow, while consumers are beginning to regain confidence in discretionary spending and financial planning.

The Vanquis Financial Wellbeing Index, which combines behavioural spending and savings data with consumer sentiment research to measure financial resilience, confidence and affordability, records a score of 68 out of 100 among households earning up to £40,000 a year. This closely aligns with the UK-wide score of 69 out of 100, placing both within the ‘moderate financial wellbeing’ category.

This suggests financial wellbeing may be proving more resilient than headline economic conditions alone might imply. Despite continued pressure on household budgets, many lower-income consumers appear to be adapting through careful prioritisation, value-conscious spending and active financial management.

However, many lower-income families continue to operate with limited financial breathing space. Savings remain the weakest component of financial wellbeing, with the saving pillar scoring 61 out of 100 among those earning up to £40,000, below the national average of 65.

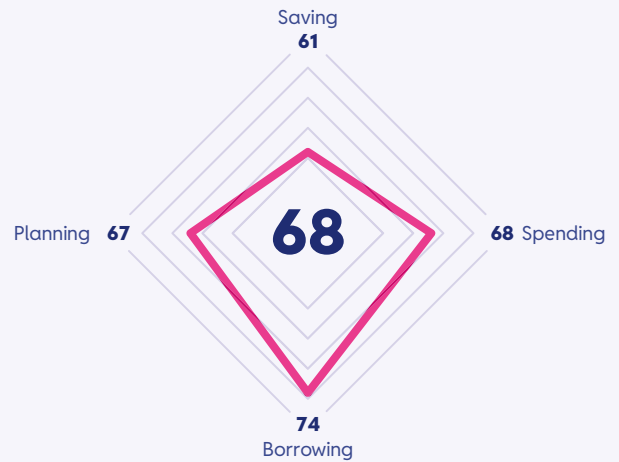
Across the past two years, households earning up to £40,000 consistently spent the vast majority of their income on essentials, while savings remained close to 3% of income. Although affordability strains are beginning to ease and cashflow is improving, many still lack the financial buffers needed to absorb unexpected costs.

Household finances appear to be stabilising gradually rather than moving into a full rebuilding of resilience. Consumers appear to be coping more effectively, though often within tighter financial conditions than before the cost of living crisis.

The report combines anonymised behavioural transaction data from Snoop with nationally representative consumer research conducted by Mintel to assess saving, spending, borrowing and financial planning behaviours across UK households.

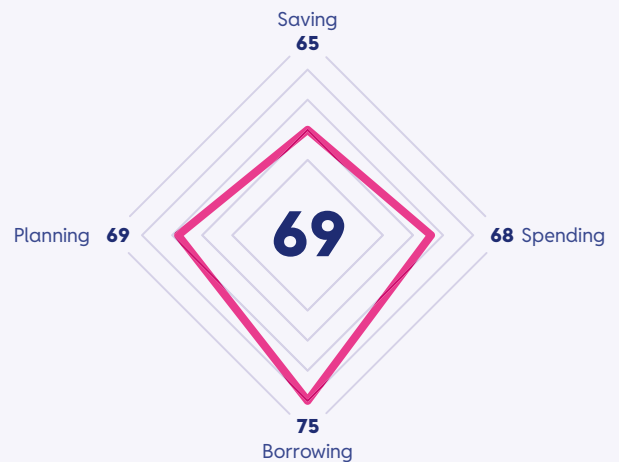
Households earning up to £40k a year

Financial Wellbeing Score for May 2026



All households

Financial Wellbeing Score for May 2026



Score bands

80 - 100 Strong financial wellbeing

60 - 79 Moderate financial wellbeing

40 - 59 Mixed / some vulnerability

20 - 39 Vulnerable

0 -19 High vulnerability

Financial headroom

Household finances are beginning to stabilise after several challenging years. Income growth has improved steadily over the past two years and is now starting to outpace growth in some essential spending categories.

Across the full two-year period, households spent around 90% of income, limiting savings and financial flexibility. Over the latest 12 months, spending remained at broadly similar levels relative to income. In the most recent quarter, however, households spent around 82% of income, suggesting a more noticeable improvement in household cashflow conditions.

Quarterly surplus: 18%

- Income +9% (QoQ)
- Spending -6% (QoQ)

One-year surplus: 10%

- Income +10% (YoY)
- Spending +9% (YoY)

Surplus = $(\text{income} - \text{bills/spending}) \div \text{income}$

Income = salary/benefits

Spending = all outflows across both essential and discretionary spending

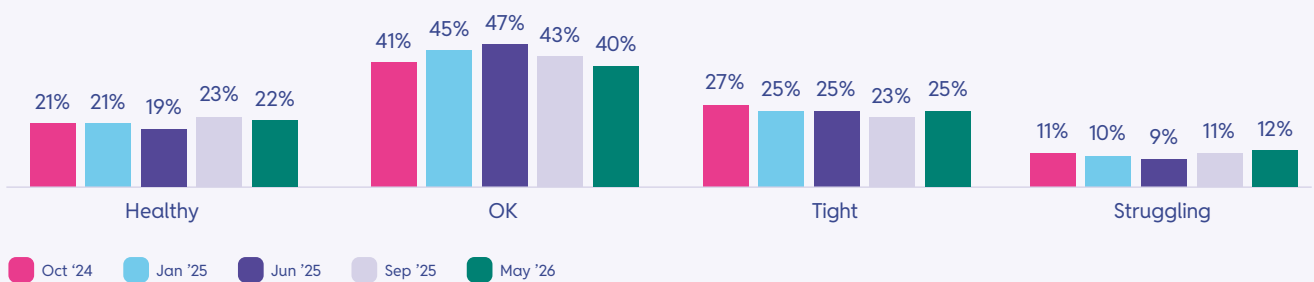
Essentials spending remained persistently high through much of 2024 and 2025, frequently absorbing around three quarters of household income and peaking above 80% during periods of particularly high household costs. However, by early 2026 there were clearer signs of easing strain, with essentials falling closer to 61–64% of income. Household bills as a share of income have also begun to stabilise after several years of elevated living costs.

The analysis indicates that many people are managing finances cautiously and deliberately. Among those earning under £40,000, 75% say they only spend on non-essentials once essential bills are covered, while 70% say they avoid impulse purchases.

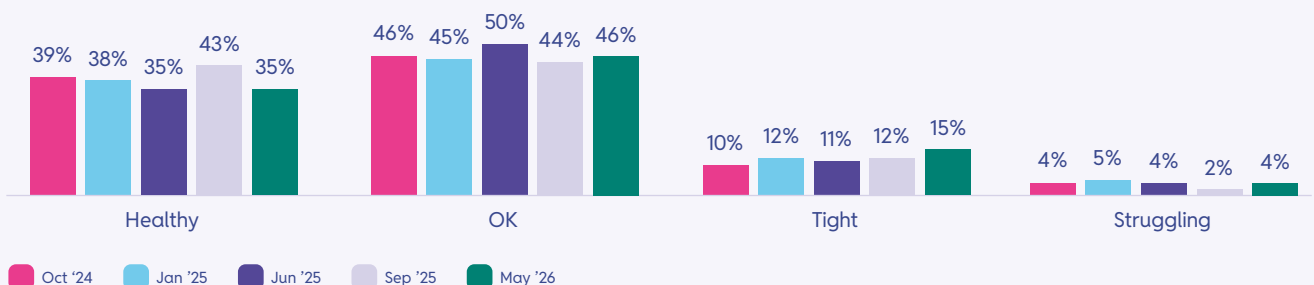
However, despite improving cashflow conditions, longer-term financial stability remains constrained by limited savings capacity and structurally tight household budgets. Among lower-income consumers, 25% describe their financial situation as “tight” and 12% as “struggling”, while only 22% describe themselves as financially “healthy”.

Together, the findings suggest many households are becoming more financially disciplined and adaptive, but still have relatively little capacity to absorb unexpected costs.

Financial Situation - Under £40k income households



Financial Situation - Over £40k income households



Spending

While financial pressure has eased, many households appear to be prioritising quality of life and lifestyle recovery ahead of rebuilding longer-term savings buffers.

Over the past two years, spending has risen across several discretionary categories associated with confidence and lifestyle, including:

- Entertainment & Leisure (+19%)
- Travel & Holidays (+13%)
- Fitness (+22%)
- Meal Boxes (+30%)

Spending has also risen across selected “treat economy” categories, including High-end Health & Beauty (+79%) and Electricals & Technology (+25%).

At the same time, more traditional discretionary categories remain weaker. Spending on Bars & Pubs fell by 19%, while Mid-tier Restaurants declined by 9%, suggesting households remain selective, value-conscious and deliberate in how they spend discretionary income.

Consumers appear to be rebuilding aspects of lifestyle and personal wellbeing faster than they are rebuilding savings buffers. Rather than returning to pre-crisis spending patterns, consumer recovery appears selective and intentional.

Consumers continue to prioritise experiences, wellbeing and convenience, while remaining cautious around larger or recurring lifestyle commitments.

Savings

Savings levels have remained persistently low:

- 3.18% of income across the two-year period
- 3.04% over the past 12 months
- 2.99% in the latest quarter

Only around half of households earning under £40,000 say they have been able to add to savings or reduce debt in recent months.

Around 29% say they have saved nothing over the past six months, compared with 12% of higher-income households. Those on lower incomes are also twice as

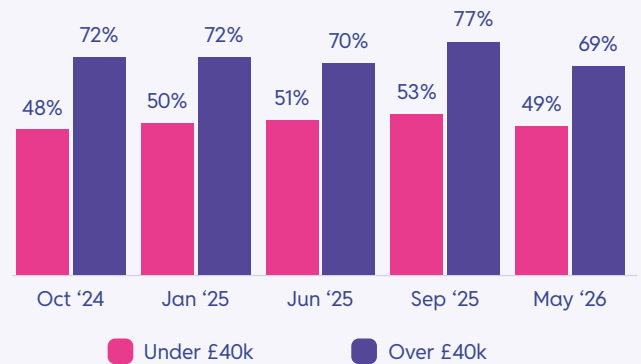
likely to cite income constraints as a barrier to saving, while nearly a quarter report having no savings buffer at all.

For many households, savings are increasingly being used to manage essential everyday costs rather than build longer-term financial resilience. Groceries (25%), car repairs (19%) and utilities (17%) are the most common reasons for dipping into savings.

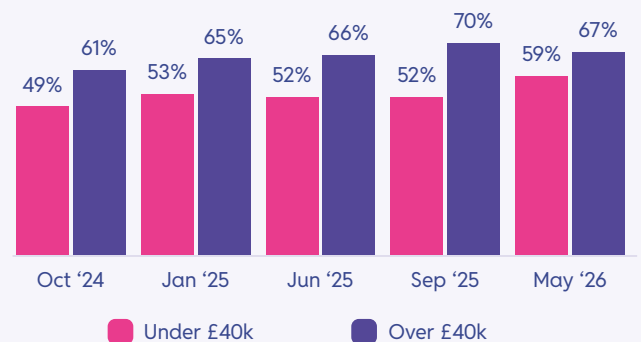
Around a third of those earning under £40,000 say their income is too low or unpredictable to save regularly, while 22% say paying down debt takes priority over saving. Among indebted households, 10% say repayments consume more than 40% of income.

Weak savings resilience increasingly reflects constrained financial capacity and competing financial priorities rather than financial disengagement.

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



I've been able to reduce my debts - Yes



Everyday costs remain structurally higher

While energy costs have stabilised, some unavoidable household bills have increased sharply. Over the past two years:

- Water bills increased by 47%
- Council tax and local authority costs rose by 19%

The data indicate households are moving beyond the peak of the cost of living crisis and into a period of structurally higher everyday living costs.

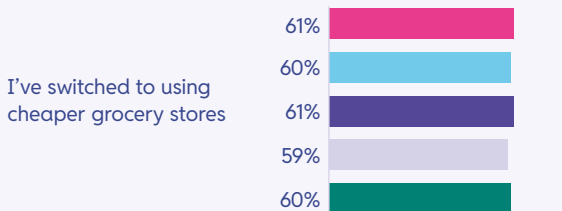
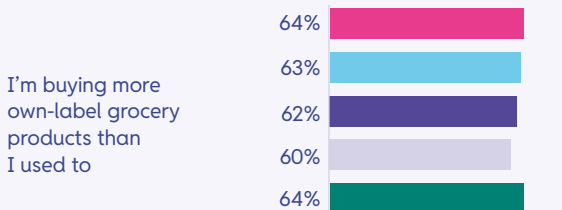
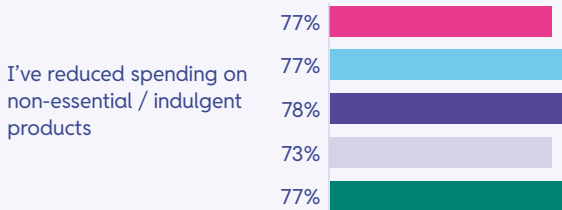
These pressures continue to shape consumer behaviour. Around 77% of those earning under £40,000 say they are cutting back on non-essential spending, while 64%

are buying more own-label grocery products and 60% are switching to cheaper supermarkets.

Rather than temporary responses to inflation, these behaviours increasingly appear to reflect a longer-term reset in household spending habits and expectations around everyday affordability.

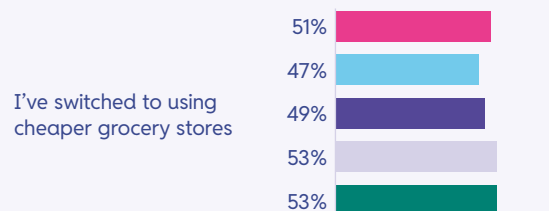
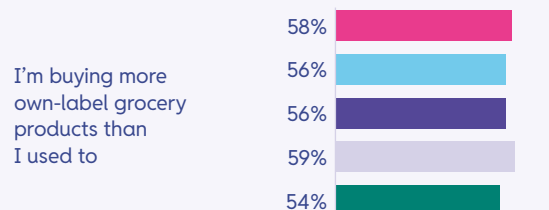
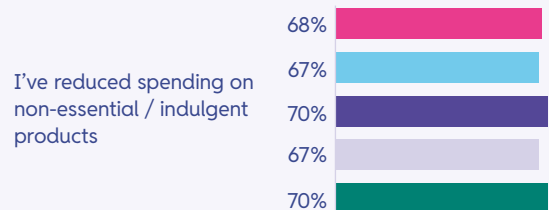
Cost-conscious spending habits are becoming increasingly embedded across UK households, particularly among lower- and middle-income consumers facing persistently limited disposable income.

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



Oct '24 Jan '25 Jun '25 Sep '25 May '26

Over £40k: do the following statements apply to you? Yes



Oct '24 Jan '25 Jun '25 Sep '25 May '26

Financial security remains fragile

Among those earning under £40,000, almost one in three are concerned they may need to take on a second job, while a similar proportion expect they may need to create additional income streams or side ventures to make ends meet over the next three months. Lower-income households are also more likely to express concern about relying on credit or missing bill payments. In contrast, higher-income households are consistently

more likely to say they are unconcerned across all scenarios, particularly around bill payments and reliance on credit.

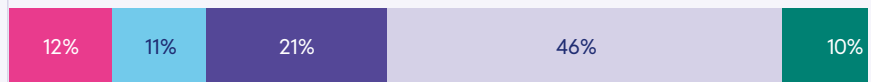
Financial resilience is increasingly shaped not only by current affordability, but by confidence in future income stability and the ability to absorb unexpected financial pressures without needing to increase working hours or rely more heavily on borrowing.

Under £40k Income: And thinking about your financial situation over the next three months, how concerned are you that...

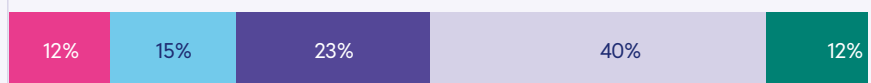
...you will miss a bill payment?



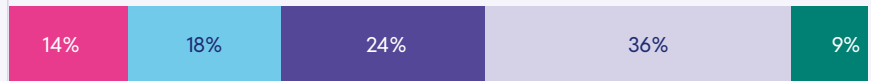
...you will have to rely on credit to cover your expenses?



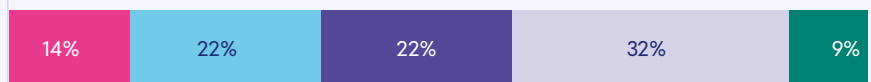
...in order to make ends meet, you will have to create your own income sources / side ventures to get by? (eg selling items online, freelancing)



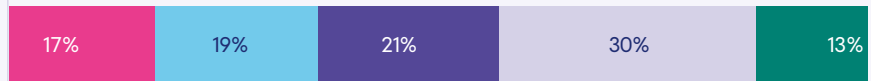
...in order to make ends meet, you will have to take on a second job?



...in order to make ends meet, you will have to work more hours at your current job?



...you will be unable to switch to a better-paying job?



Financial strain continues to affect wellbeing

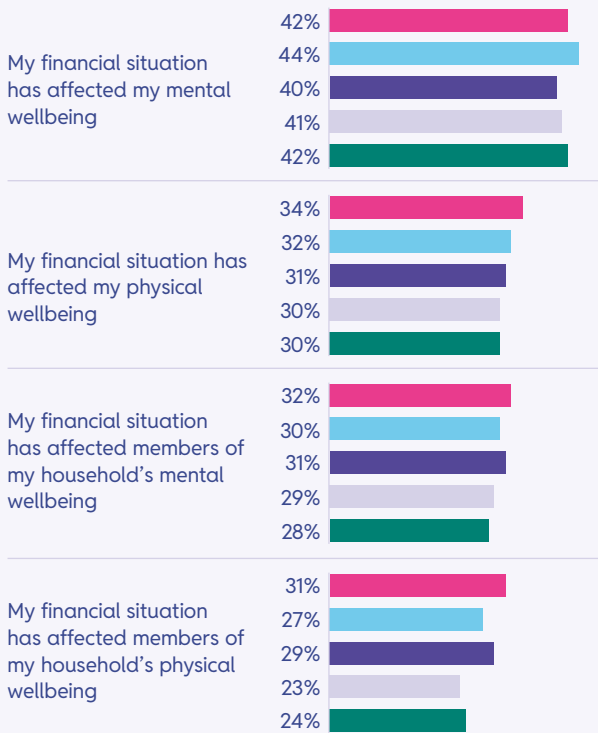
While household finances are beginning to stabilise, the emotional and personal impact of financial pressure remains significant, particularly among lower- and middle-income households.

Around 42% of households earning under £40,000 say their financial situation is affecting their mental wellbeing, compared with 39% of higher-income households. Financial pressures are also affecting physical wellbeing, with around 30% of lower-income households saying their finances are having a negative impact on their physical health.

Financial wellbeing is experienced not only through income or affordability, but through everyday confidence, security and peace of mind. Even where affordability pressures are easing, limited savings buffers and ongoing financial uncertainty continue to shape how households feel about their financial future.

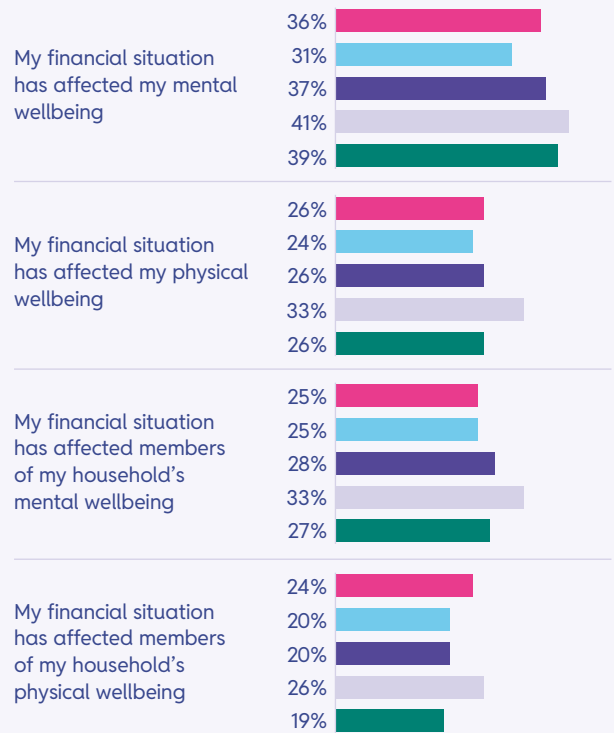
The data also indicate that financial pressure is increasingly becoming chronic rather than temporary for some households, reinforcing the close relationship between financial resilience and emotional wellbeing.

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



Oct '24 Jan '25 Jun '25 Sep '25 May '26

Over £40k: do the following statements apply to you? Yes



Oct '24 Jan '25 Jun '25 Sep '25 May '26

Household finances remain vulnerable to rising costs

Recent improvements in household finances remain fragile. While affordability pressures have begun to ease, many households continue to spend the majority of their income on everyday costs, leaving limited room to absorb further increases in bills or borrowing costs.

Consumer sentiment also remains cautious. Seven in ten households earning under £40,000 say the cost of living crisis is “not getting any better”, suggesting many still feel financially exposed despite improving cashflow conditions.

This vulnerability could become more significant if inflationary pressures strengthen again later this year, particularly if higher energy prices feed through into household bills and wider living costs.

Households appear to be managing finances more effectively than during the peak of the cost of living crisis, though resilience remains constrained by structurally higher everyday costs and weak savings capacity.

The challenge for many people is now shifting from managing immediate affordability pressures towards rebuilding longer-term financial resilience and savings capacity.

Conclusion

The latest Vanquis Financial Wellbeing Index suggests household finances are beginning to stabilise after several years of heightened financial stress. Rising incomes, easing affordability and improving cashflow are creating signs of recovery across many UK households.

Many people are navigating tight household finances through careful prioritisation, more value-conscious spending and active financial management. However, savings levels remain low, leaving many consumers exposed to unexpected costs despite improving affordability.

For most people, financial wellbeing is experienced through everyday reality: being able to manage bills without constant stress, cope with unexpected expenses, build savings and feel confident enough to plan ahead.

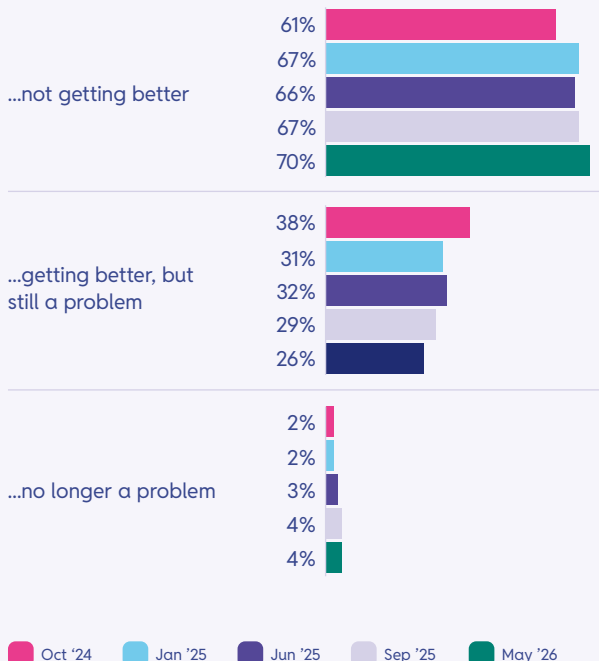
The personal impact also remains significant. Around 42% of those earning under £40,000 say their financial situation is affecting their mental wellbeing, while almost a third say it is affecting their physical wellbeing.

The UK appears to be moving beyond acute financial crisis, but not yet into durable financial resilience. Many lower- and middle-income households are adapting effectively and remaining financially engaged, but limited savings capacity continues to leave millions exposed to future shocks.

The picture is therefore not one of full financial recovery, but of gradual adaptation, cautious rebuilding and continued financial constraint.

Long-term financial wellbeing will depend not only on improving affordability, but on households having greater capacity to build savings, absorb financial setbacks and plan with confidence for the future.

Households with under £40k income Do you think the UK cost of living crisis is...



About the Vanquis Financial Wellbeing Index

- The Vanquis Financial Wellbeing Index (VFWI) is a bi-annual measure of UK household financial wellbeing, combining behavioural spending and savings data with consumer sentiment research to track changes in financial resilience, confidence and affordability over time.
- This edition marks the first introduction of the headline VFWI score, which will be tracked on an ongoing basis to monitor how household financial wellbeing evolves across the UK.
- These Financial Wellbeing Scores were determined using a min-max normalisation which was applied to the consumer data of the VFWI Tracker.
- Data Sources: Snoop | based on anonymised transactional data (from a stable cohort of 23,886 households earning up to £40,000 a year) and a Consumer Financial Wellbeing Survey on behalf of Vanquis.
- Mintel: Consumer Financial Wellbeing Survey on behalf of Vanquis
 - Source: Kantar Profiles/Mintel
 - Fieldwork dates: 27th April - 13th May 2026
 - Base: 2,000 | GB | aged 16+
 - 1048 earning less than £40k pa
 - 849 earning more than £40k pa
 - 103 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 1.77 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.