

# Millions in the UK are living with wholly unnecessary a...

Published: January 14, 2026, 1:16 pm

---

The [FT has reported that:](#)

Over 3mn more people are struggling to keep up with bills and payments, according to official data that has shown the growing impact of the cost of living crisis on UK households.

The Financial Conduct Authority said on Tuesday that 10.9mn people reported struggling to meet bills and credit payments this month, up from 7.8mn in May 2022.

To put this in context, there are about 33 million taxpayers in the UK. There is likely to be a big overlap between those paying tax and those struggling with bill payments (although it will not be a perfect correlation). This data suggests in that case that maybe 30%, and certainly more than 25% of people in the UK are now struggling with debt.

The UK government is imposing austerity to supposedly contain its own debt. The consequence is, however, clear. There is a looming private debt crisis of epic proportion in the UK. And the government would appear to be entirely indifferent to it.

Having a poor credit record is financially disabling in the UK. It imposes very real costs. Too often it denies people access to essential services, including housing.

With so many in the economy in stress, a breaking point where payment ceases to be an option for many is inevitable. Then the crisis moves from the person owing the debt to the person due it. They might be a utility company. They could be a landlord. But as the FCA makes clear, they might also be a bank or other credit company. And debt crises on this scale could have a serious impact on all of them.

What is the solution? Most glaringly obviously it is to encourage the payment of inflation matching pay rises. Anything less does, because of the cumulative nature of percentage change based pay negotiation, guarantee reduced worker incomes in perpetuity. That in turn guarantees continued stress with debt. The government could lead the way on this. It isn't. The responsibility for this crisis belongs to it as a result.

What else could be done? Interest rates could, of course, be cut. They have no impact on the current type of inflation we are suffering. There is no chance that any interest rate change now will perpetuate inflation because the likelihood of inflation's decline is now pretty much hard-wired into the economy.

But, according to the Bank of England the decline in interest rates is not similarly hard-wired in. Instead they hope to keep interest rates at or near existing levels for some time to come. Doing so will turn current negative interest rates (calculated by comparing interest due with the prevailing inflation rate, which means rates are negative now, as they have been for some time) into strongly positive interest rates over the next year or two, resulting in the real burden on those in debt being likely to increase considerably over the next few years.

This is an economic policy intended to create economic catastrophe as a consequence of a personal debt crisis, as it surely will. The remedy has to be a cut in interest rates.

Millions are living with wholly unnecessary and ultimately catastrophic debt crises in the UK at present. The government, regulators and Bank of England know that. If they do nothing to alleviate this by promoting wage increases and interest rate cuts what does that say about the intentions of the politicians who fail to act, which neither leading political party appear inclined to do? Is their behaviour malign, or based on ignorance? Since the latter is no excuse it must be the former, which Bank of England comments appear to confirm.

We live under the curse of a despicable economic philosophy that is apparently indifferent to the fate of the real people whose well-being it destroys. I am sure there are worse things to suffer. But when this philosophy is adopted by choice and not necessity, maybe there aren't that many that are much worse, and those that are have been on display from the far-right over the last few days.

We live in desperate times.