



SALAD

MONEY

CREDIT-FUELLED HARMFUL GAMBLING

Lenders are making a bad gamble
on people borrowing to bet,
fuelling unsustainable gambling

MORE THAN YOUR SCORE™

August 2024

More than a year after we raised concerns that harmful gambling was increasing among keyworkers, with clear evidence of cases fuelled by credit, the picture is bleaker still

This report is based on analysis of over 200 million financial transactions from more than 177,000 people. Many are keyworkers in the NHS and public sector. Their average monthly net income – including benefits – is £2,292, which equates to an approximate annual pre-tax income of around £34,000.

The data reveals disturbing evidence about this cohort of working people whose salary is close to the UK average. Those included in this study approached a social enterprise, Salad Money, for a loan. Because Salad uses Open Banking to assess affordability, it is able to see and categorise applicants' income and expenditure during the 12-18 months before they applied.

Between 1st January-31st March 2024, Salad turned down 33% of applicants for excessive gambling, compared with 29% in the same period last year.

Over half of the 58,555 people declined for excessive gambling spent more than **£440 on gambling each month**, a big increase in monthly spend compared with 2023.

Three quarters of 'heavy' gamblers who bet more than £1,000 per month are making repayments to other credit providers. Many heavy gamblers had been granted new loans from other credit providers making astonishing decisions, like the three lenders who extended credit to Mr B, whose salary is £23,400.



During the 12 months before his application to Salad Money, this individual gambled £99,545 and “won” £51,000. He made credit and Buy Now Pay Later (BNPL) repayments totalling £17,914 and took out new loans from three providers totalling £6,790.

Harmful gambling is increasing. Many credit providers are making poor lending decisions and failing in their duty to protect vulnerable customers. We expect you to be deeply concerned by this new evidence.

Lord McNicol
Baroness Evans
Salad Projects Oversight Body

ABOUT THIS REPORT

This report is published by **Salad Projects**, which represents the interests of applicants to Salad Money, a community development finance institution (CDFI) established in 2019.

Salad Money is a social enterprise. Its customers can afford to repay credit but cannot access it on fair terms elsewhere. At least 1 in 3 adults may have difficulty accessing credit from mainstream lenders.*

Salad Money uses Open Banking rather than credit scores to assess affordability for a loan, which means it can lend, responsibly, to some people that mainstream lenders cannot, and at a cheaper rate than its customers can find elsewhere (although Salad can only lend to a small percentage, c. 7%, of applicants).



On average each applicant has 1,800 individual transactions spanning the previous 12 months which Salad categorises and can analyse to make an approval decision and generate unique insights into applicants' financial health.

This report is based on the 177,089 applications for credit received between 1st January and 31st March 2024. If Salad declines an applicant due to excessive gambling it informs them that this is the reason and signposts appropriate support.

THE DATASET



177,089
applicants



57.5%
male



47.5%
female



Two thirds (67%)
aged 30-49



All are in full-time
employment



£2,292 (average)
monthly net income



61% had
gambled during the
3 months before
their loan application



10% regularly
spending more
than **£1,000** a
month on gambling

*Overlooked and financially under-served, PwC, 2024: 20 million people and 1 in 3 adults may have difficulty accessing affordable credit from mainstream lenders, many because of flaws in credit scoring.

GAMBLING IS COMMON AND INCREASING

- Applicants declined because of excessive gambling: **33% (2023: 29%; 2022: 25%)**
- Applicants who spend more than £100 per month on gambling: **27% (2023: 22%)**
- Applicants whose Open Banking data showed gambling activity during the three months before their loan application: **61% (2023: 56%)**

Monthly gambling spend within the three months before applying	2024	2023
No gambling	39%	44%
0-£100 per month	33%	33%
£100-£500 per month	12%	10%
£500-£1,000 per month	5%	4%
£1,000 and above per month	10%	8%

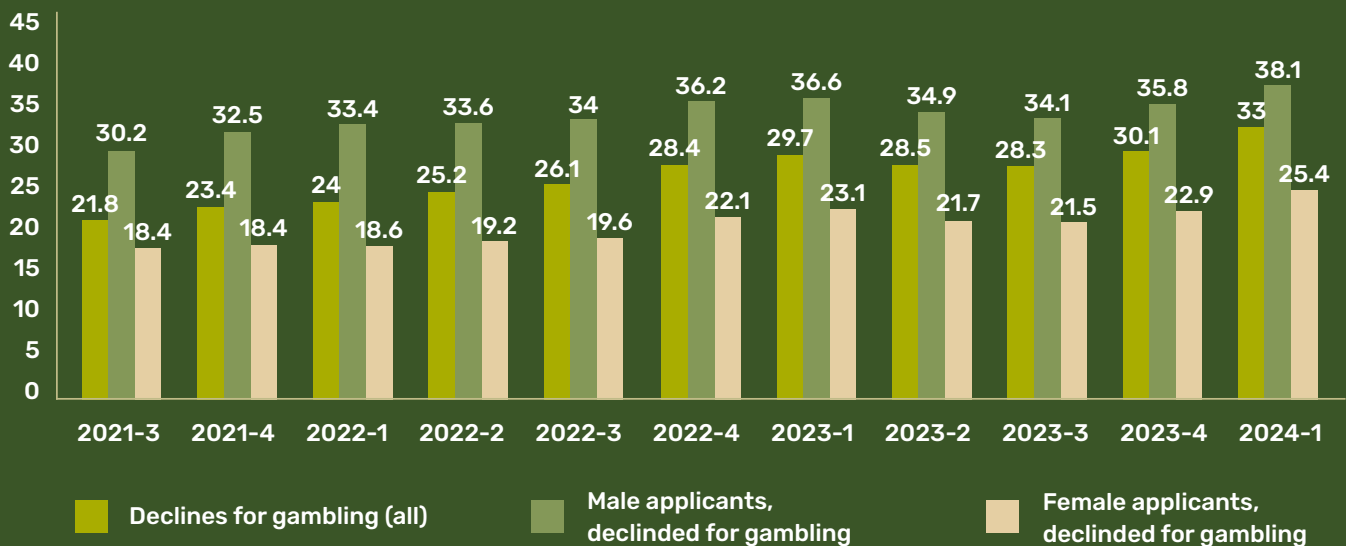
1% OF APPLICANTS

(1,771 people)

gamble an average of

£5,760 per month

Percentage of applicants declined for gambling by year and quarter



THIS DOESN'T LOOK LIKE A 'FUN FLUTTER'

Of the 58,555 people Salad declined for excessive gambling in Q1 2024:

- Over half spent more than £440 per month on average – a significant increase in monthly spend compared with 2023 (£350 per month)
- They make 44 gambling transactions per month on average, but 13% make more than three gambling payment transactions every day
- Gambling accounts for 17% of their entire expenditure on average, but gambling is half of their expenditure for 6% of them

LOANS TO GAMBLERS

Credit bureau data is completely ineffective at identifying gambling propensity.

Salad cross-referenced applicants (for whom it had made an Open Banking-powered lending decision) with the credit score provided by a credit reference agency.

Salad declines the same proportion of applicants for gambling with sub-prime (high risk) credit ratings as super-prime (very low risk).

Propensity to gamble is not correlated with consumers' credit rating. Many lenders do not identify harmful gambling; historically, gambling transactions have not been visible to credit reference agencies so their data remains a weak predictor of excessive gambling.

Looking at the 10% of Salad applicants with heavy gambling of over £1,000 per month:



76%
(of the heavy gamblers)
have been making
repayments to other
loan companies



10% have been
repaying at least
£1,000 per month

Applicant A:



Male, 30s, Wales. Works in financial services. Approximate annual salary: **£49,000**.

During the 12 months preceding the application to Salad Money this person gambled a total of **£347,427** in **1,136 separate transactions**, spending **£951 on average every day**.

During the course of the year they "won" £140,359; they made credit and Buy Now Pay Later (BNPL) repayments totalling **£43,713** and were accepted for **NEW loans** from **four different providers** totalling **£5,200**. Salad declined this applicant and signposted gambling support.

Applicant B:



Male, 30s, Midlands. Works in healthcare. Approximate annual salary: **£23,000**.

During the 12 months preceding the application to Salad Money this individual gambled a total of **£99,545**, and "won" **£51,000**.

During the same period they made credit and BNPL repayments totalling **£17,914** and were accepted for **four NEW loans** from **three different providers** totalling **£6,790**. Salad declined this applicant and signposted gambling support.

IS THERE A GENDER DIFFERENCE?

Applicants declined because of excessive gambling:

	Men	Women
Applicants declined because of excessive gambling	38%	25%
Applicants spending 50% or more of monthly income on gambling	6.6%	5.3%
Monthly gambling spend within the three months before applying		
No gambling	36%	43%
0-£100 per month	31%	35%
£100-£500	14%	10%
£500-£1,000	6%	4%
£1,000 and above	12%	8%

Applicants declined for gambling with the highest gambling spend

Looking only at our January 2024 applicants, the ten applicants with the highest gambling spend in the 12 months before their application for a loan were:

Gambling spend, previous 12 months	Gender
£663,500	Male
£591,625	Male
£300,061	Male
£287,276	Male
£267,086	Male
£262,707	Female
£257,924	Female
£248,247	Female
£238,176	Female
£234,724	Female

MORE LENDING FOR GAMBLING

Applicant C:



Male, 50s, Home Counties. Works in publishing.
Approximate annual salary: **£80,000**.

During the 12 months before applying to Salad Money, applicant C gambled a total of **£433,266**.

During the same period, applicant C made more than **200 loan and credit repayments** totalling more than **£59,000** – including to high street banks, credit card providers, mainstream and high-cost short-term loan providers.

Over the same timeframe applicant C was accepted for **EIGHT new loans** from **five different providers** totalling **£15,300**.

Applicant D:



Male, 30s, south coast, private sector.
Approximate annual salary: **£16,000**.

During the 12 months before applying to Salad Money, applicant D gambled a total of **£232,689**.

During the same period, applicant D made **35 loan and credit repayments** totalling more than **£6,000**, including to Buy Now Pay Later (BNPL) providers, credit cards, and high-cost short-term loan providers.

In the same 12-month period applicant D was accepted for **THREE new loans** from **two different providers** totalling **£2,850**.

Applicant E:



Male, 32, Home Counties. Works in professional services. Approximate annual salary: **£61,000**.

During the 12 months before applying to Salad Money, applicant E gambled over **£217,000**, making more than **1,500 separate betting transactions**. Applicant E also made further bets on currency exchange and contracts for difference / spread betting platforms.

During the same period, applicant E made **47 loan and credit repayments** totalling more than **£10,800**, including to Buy Now Pay Later (BNPL) providers, credit cards, mainstream and high-cost short-term loan providers.

In the same 12-month period, applicant E was accepted for **THREE new loans** from **three different providers** totalling **£5,500**.

These applicants' spending on gambling all exceeded their "wins" considerably. All have significant debt repayment commitments. None of these applicants should have been approved for credit according to Consumer Duty and the requirement to protect vulnerable customers – yet multiple firms granted new loans to them in the months before they applied to Salad Money. Salad declined all of these applicants and signposted gambling support.



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We have deliberately chosen not to make recommendations in this report. We implore policymakers and the Financial Conduct Authority, Financial Ombudsman Service, UK Finance, credit providers, the Department for Culture, Media and Sport (DCMS) and the Gambling Commission to review this evidence and act appropriately.

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MORE THAN YOUR SCORE™

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