

Encore Capital Group®

ECONOMIC FREEDOM STUDY

2025



Welcome to the Encore Economic Freedom Study



Dear Reader,

Our third Encore Economic Freedom Study is our largest to date, surveying over 6,000 people across our two largest markets, the United States and the United Kingdom. We previously conducted the study in 2021 and 2022 — at times when consumers in both countries were recovering from the COVID-19 pandemic and high inflation, respectively.

The world has already changed significantly since 2022, and we felt 2025 was the right time to refresh our understanding of consumers' attitudes toward their finances. Our findings come at a time when U.S. consumers are accumulating credit card debt at record levels with larger total balances and higher delinquency rates than U.K. consumers.

Our company supports consumers who are actively dealing with financial stress every day, which makes these findings especially important for us. By understanding how consumers are thinking and feeling about their finances, which priorities matter most to them, and how they plan to address past-due debt, we can better fulfill our Mission to help them on the path to economic freedom. Past studies have informed our thinking on how we can best help consumers, and this year's findings show we have a lot of opportunities to keep up the momentum.

Like the previous studies, this year's Economic Freedom Study analyzes perceptions and actions related to economic freedom among U.S. and U.K. general population adults. This year, however, we added new survey questions that examine consumers' attitudes toward and understanding of credit scores and financial literacy. These topics are particularly important to us because of the essential role we play in the consumer credit ecosystem. By collecting on consumer debt obligations, we help consumers improve their credit profiles, which improves their access to credit. For creditors, we help reduce their losses, which helps to keep credit accessible and affordable.

What emerges from the 2025 study is a picture of consumers facing high economic concern in both countries, focused on building emergency funds. While many adults in both the U.S. and U.K. are on top of their credit health, there is a general lack of financial literacy in both countries. Most adults indicate they don't completely understand key facets of financial literacy, such as how to build and maintain credit. Additionally, more past-due debt holders are requesting help to eliminate their balances, and adults in both countries view being debt-free as the top meaning of economic freedom. The good news is that companies like Encore are well-positioned to help consumers. We lead with empathy, tailor solutions to pay off past-due debt to consumers' unique circumstances, always seek to understand the consumer's needs, and provide access to support in times of hardship.

It is heartening to see consumers prioritizing being debt-free and showing a willingness to seek help, learn new financial skills and work with companies like Encore to achieve it. Our Mission is to help those consumers, and we're more committed than ever to supporting them on the path to economic freedom.

We hope you find this report insightful.

Sincerely,

Ashish Masih

President and CEO

Encore Capital Group

Methodology

An online survey was commissioned by Encore Capital Group and conducted by Morning Consult from April 24-May 2, 2025, among 6,406 adults, including 3,192 U.S. adults and 3,214 U.K. adults. The U.S. and U.K. samples are weighted on age, gender, education, race/ethnicity, and region to reflect the demographic makeup of their respective adult (18+) populations according to most recently available census data from each country. The margin of error for the total sample in each country is plus or minus 2 percentage points.

Demographic Definitions

Gen Z = ages 18-28

Millennials = ages 29-44

Gen X = ages 45-60

Baby Boomers = ages 61-76



About Encore Capital Group

Encore Capital Group is an international specialty finance company that provides debt recovery solutions and other related services across a broad range of financial assets. Through our subsidiaries around the globe, Encore purchases or services portfolios of receivables from major banks, credit unions and utility providers.

Through Midland Credit Management and its domestic affiliates (MCM), we're a market leader in portfolio purchasing and recovery in the U.S. Through Cabot Credit Management and its subsidiaries and European affiliates (Cabot), we're also one of the largest credit management services providers in Europe and a market leader in the U.K.

Executive Summary

Encore's Economic Freedom Study seeks to understand how consumers in the U.S. and U.K. feel about their finances, what causes them the most financial stress and the best ways to address their challenges, including attitudes toward working with debt collection companies to resolve past-due debt. This year, the study also analyzes credit score awareness and financial literacy.

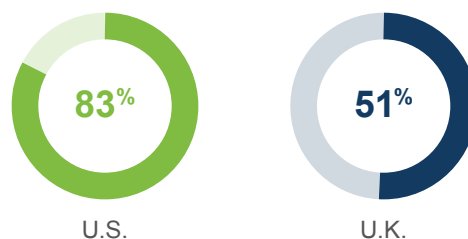
Attitudes on Personal Finances and the Economy

- Over four in five adults in the U.S. (84%) and U.K. (89%) say inflation is continuing to impact their spending habits to a certain degree, with groceries and utilities being the leading categories that adults are spending more on today compared to 2024.
- Adults in both countries are somewhat aligned on where they would increase or decrease spending if they had more or less discretionary income. Most respondents would prioritize spending more on groceries or savings and less on restaurants, entertainment and apparel/clothing.
- If they were unable to use credit to make payments, half or more of adults in both countries say they would resort to saving up cash over a long period of time, while one-third in both countries say they would delay or stop their purchasing plans altogether.
- Around half or more U.S. (49%) and U.K. (67%) adults hold a negative outlook on the future of their respective national economies. Similarly, half or more U.S. (49%) and U.K. (61%) adults believe their national economy is worse today than it was a year ago.
- At the same time, consumers are more optimistic about their personal financial futures, with 57% of U.S. adults and 61% of U.K. adults saying their outlook is somewhat or very positive.

Knowledge of Credit Scores and Financial Literacy

- While U.S. adults are more aware of their credit scores than U.K. adults, most adults in each country desire a free way to check their credit score. Over four in five U.S. adults (83%) say they know their credit score, compared to just over half (51%) of U.K. adults. Of those who say they know their credit score, roughly half or more in each country report having a "good" or better rating.

Percentage of U.S. and U.K. adults who **know their credit score**:



- At the same time, less than half (48%) of U.S. adults with a credit score say they check it frequently, compared to just over one-third (37%) of U.K. adults with credit scores. There is also a general lack of financial literacy among adults in both countries. Most adults in both countries say they don't completely understand how to invest and grow money (68% U.S. vs. 72% U.K.) or how to build and maintain credit (57% U.S. vs. 67% U.K.). More than half (57%) of U.S. adults say they don't completely understand how to manage and file taxes.

Executive Summary

- About half or fewer adults in both countries say they don't completely understand how to create and maintain a budget (51% U.S. vs. 45% in the U.K.). Two-fifths (40%) of U.S. adults and one-third (33%) of U.K. adults say they don't completely understand how to save money.

Financial Literacy Comprehension of U.S. Adults

■ Completely understand ■ Somewhat understand
■ Don't really understand ■ Don't understand at all

Save money



Create and manage a budget



Build and maintain credit



Manage and file taxes



Invest and grow money



Financial Literacy Comprehension of U.K. Adults¹

■ Completely understand ■ Somewhat understand
■ Don't really understand ■ Don't understand at all

Save money



Create and manage a budget



Build and maintain credit



Invest and grow money



- Adults in both countries are open to using different resources to help achieve better financial habits. Over three-quarters of adults in both the United States and United Kingdom said they would find access to a free digital tool to check their credit score “very” or “somewhat” helpful.

Solutions for Achieving Economic Freedom

- More past-due debt holders (primarily holding chronic debt) are requesting help to eliminate their balances.

¹ Comprehension of “manage and file taxes” was not asked among U.K. respondents as the vast majority of people do not file their own taxes due to the use of the PAYE (pay-as-you-earn) system.

Executive Summary

- Nearly three in ten (29%) U.S. adults and two in ten (19%) U.K. adults report currently having past-due debt, especially younger and low-income adults. Most adults with past-due debt in both countries say it will take a long time to pay back most or all of their balance.
- Over one-quarter (26%) of U.S. debt holders are carrying a balance of at least \$25,000, and 16% of U.K. debt holders are carrying a balance of £20,000 (\$27,192) or more.
- Credit cards are the most common and most stressful type of debt for both U.S. and U.K. adults, followed by medical bill debt for U.S. adults and phone/utility bill debt for U.K. adults.

Adults with past-due debt who
have **past-due credit card debt**:

56%	57%
in the U.S.	in the U.K.

Adults with past-due debt who rank
credit card debt as **most stressful**:

39%	45%
in the U.S.	in the U.K.

- Today, significantly more U.S. and U.K. adults are requesting help to repay past-due debt compared to 2022, and significantly more signal intentions to work with debt collection companies to resolve their debt.

What it Means to Achieve Economic Freedom

- “Being debt-free” was the most-selected definition of economic freedom for adults in both countries, chosen by 27% of both U.S. and U.K. adults. Being debt-free was the most-selected definition for every generation in both countries except U.K. Gen Z adults, among whom “having the independence to do/buy what I want” was the most-selected definition (25%).

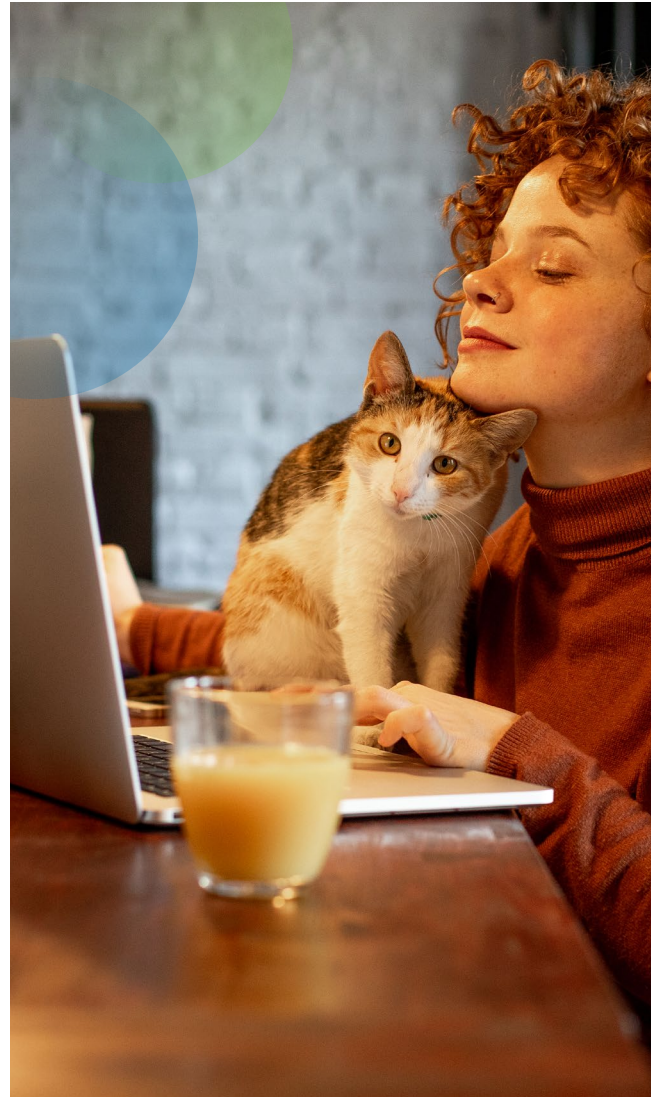
27% of U.S. and U.K. adults
define economic freedom as “**being
debt-free**”

- Regardless of how they define it, slightly more U.S. adults put economic freedom at the top of life’s priority list than U.K. adults. However, when it comes to being debt-free, the split is nearly even, with 42% of U.S. adults and 41% of U.K. adults putting it at the top of life’s priority list.
- A larger number of U.S. adults compared to U.K. adults view several resources like having a strong credit score, flexible and manageable ways to resolve debt, and budgeting services as important for achieving economic freedom. However, more U.K. adults believe strong financial literacy is an important tool for achieving economic freedom than U.S. adults.

Attitudes on Personal Finances and the Economy

SUMMARY

- Most U.S. and U.K. adults feel somewhat or very positive about their personal financial futures, but they are less optimistic about their respective national economies. Nearly half (49%) of U.S. adults say their outlook on the future of the national economy is somewhat or very negative, compared to just over two-thirds (67%) of U.K. adults.
- Slightly fewer U.S. adults feel optimistic about their financial futures compared to the 2022 Encore Economic Freedom Study, and significantly more say they don't know if they feel positive or negative. More U.S. adults also indicated they don't know if they feel positive or negative about the national economy than in 2022.
- Conversely, significantly more U.K. adults feel positive about their personal financial futures than in 2022, and more U.K. adults feel positive about the outlook of the national economy than in 2022.
- Most adults in both countries say inflation is continuing to affect their spending habits. Many U.S. and U.K. adults say they are spending more in 2025 than in 2024 on certain categories, with groceries and utilities leading the increase in expenses in both countries, followed by gas/fuel and housing.

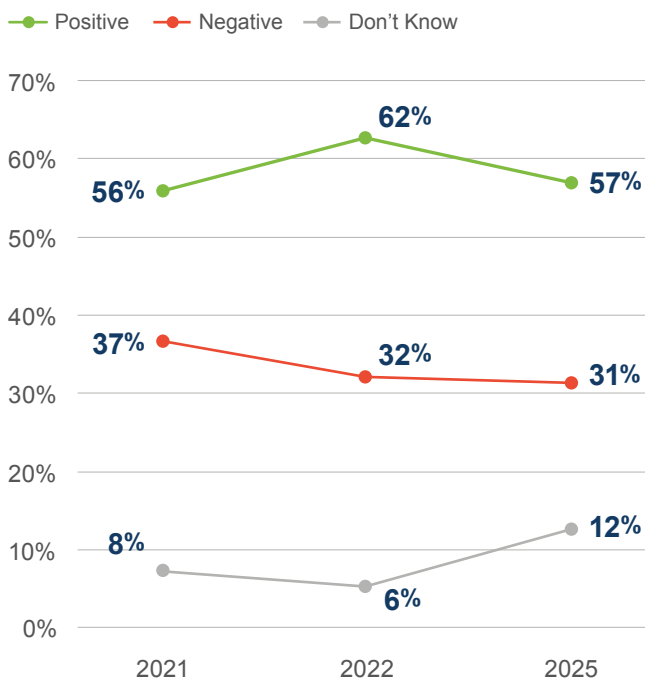


PERSONAL FINANCES AND THE ECONOMY

Adults in the U.K. today are more optimistic about their personal financial future than U.S. adults, but less optimistic about their national economy. Compared to 2022, though, U.K. adults are more optimistic about both their personal finances and the national economy, while U.S. adults are less optimistic about their personal finances and roughly just as optimistic about the national economy.

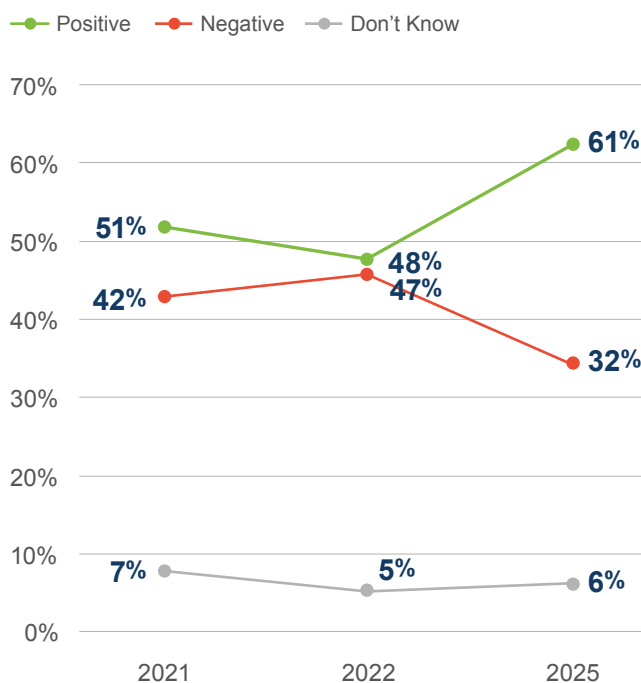
In the United States, a majority of adults (57%) are still optimistic about their personal financial future, though less so than in 2022. Compared to 2022 responses, U.S. adults' outlook on their personal finances is less positive and more uncertain, though negative outlooks stayed relatively flat. Most (71%) say their personal financial situation is about the same or much worse than one year ago.

YOY Summary: Personal Financial Future (U.S. Adults)



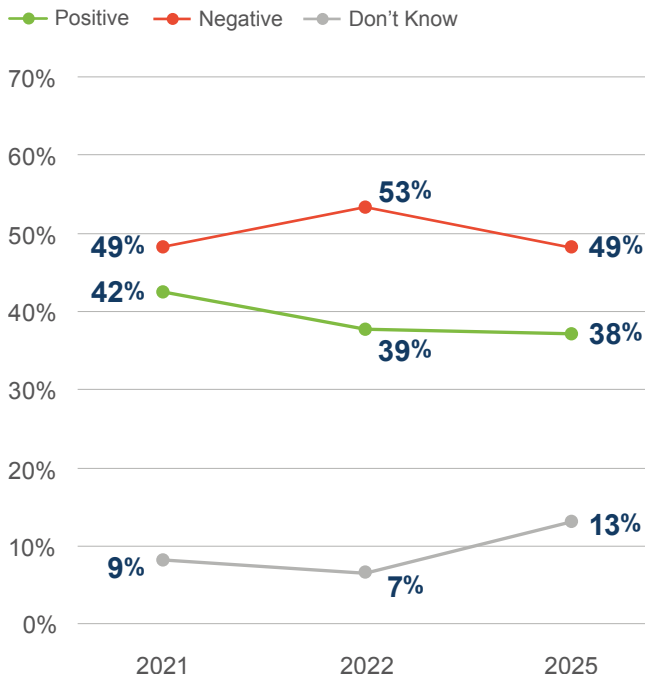
Significantly more adults (13%) today say they are uncertain about the future of the national economy than in 2022, though fewer say they have a negative outlook, and positive outlooks stayed relatively flat. Over three-quarters of U.S. adults (77%) say the national economy is about the same or much worse than one year ago.

YOY Summary: Personal Financial Future (U.K. Adults)

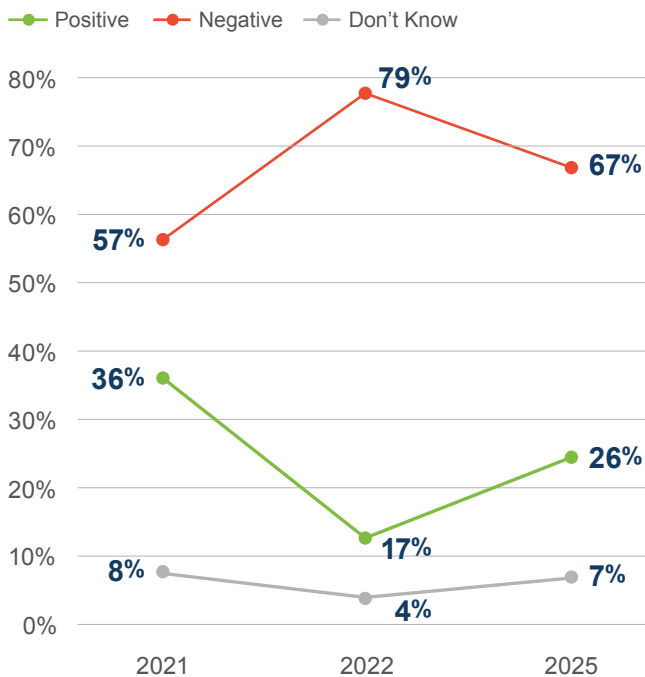


In the United Kingdom, while three in four respondents (75%) say their personal financial situation is about the same or much worse than one year ago, 61% of adults are positive about their personal financial future in 2025 (compared to 48% in 2022). Almost nine in ten (87%) U.K. adults say the national economy is about the same or worse than one year ago and over two-thirds (67%) of them have a negative outlook on their national economy, but over a quarter (26%) are optimistic about the national economy, up from just 17% in 2022.

YOY Summary: Future of National Economy (U.S. Adults)



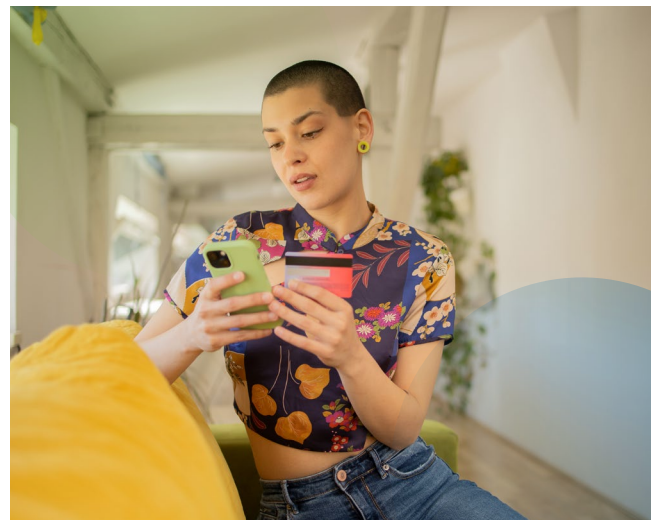
YOY Summary: Future of National Economy (U.K. Adults)



CONSUMER BEHAVIOR

Over four in five adults in the U.S. (84%) and U.K. (89%) say inflation is still impacting their spending habits to a certain degree. Groceries and utilities are the leading categories that adults are spending more on in both countries today, compared to 2024, followed by gas/fuel and housing. Nearly half (46%) of U.S. adults say they're spending more on groceries than one year ago, and over one-third (36%) say they're spending more on utilities. By comparison, over half of U.K. adults say they're spending more on groceries (52%), and slightly more (54%) say they're spending more on utilities compared to one year ago. However, while inflation is still prevalent for both U.S. and U.K. adults, those who say inflation is impacting their spending is significantly less in both countries than in 2022.

Nearly half or more U.S. and U.K. adults say if they had additional discretionary income, they would most likely spend it on groceries or savings. Conversely, over half of U.S. and U.K. adults say they would cut back on dining out if they had less discretionary income. However, there is slight variation between which items adults are willing to spend more or less on across both countries.



Nearly two-thirds (64%) of U.S. adults would spend more on groceries if they had more income, compared to just over half (54%) of U.K. adults. Inversely, nearly two-thirds (63%) of U.K. adults would add to their savings with more income, compared to less than half (48%) of U.S. adults. U.K. adults are also significantly more likely to spend additional income on travel and vacations than they were in 2022 or compared to U.S. adults in 2025. Nearly half (44%) of U.K. adults said they would spend additional income on vacations, compared to just over one in five (21%) U.S. adults.

Areas where U.S. and U.K. Adults would Spend More if they had Additional Income

■ U.S. ■ U.K.

Groceries



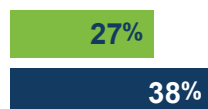
Adding to Savings



Travel/Vacations



Apparel/Clothing



Over half of adults in both countries said they would cut back on restaurant spending if they had less discretionary income, but otherwise responses varied. Over half of U.S. adults (51%) said they would cut back on entertainment, compared to just 41% of U.K. adults. Over half of U.K. adults (53%) said they would

cut back on apparel/clothing, compared to just 45% of U.S. adults. Essentials, such as insurance, housing and childcare, were the most insulated from spending cutbacks for adults in both countries.

Both U.S. and U.K. adults are relatively aligned over what they would do if they were unable to use credit to make payments. About half or more of adults in both countries say they would resort to saving up cash over a long period of time (50% in the United States; 56% in the United Kingdom). About one-third in both countries say they would delay or stop their purchasing plans altogether (31% in the United States; 34% in the United Kingdom). A similar percentage in both countries also say they would resort to selling personal property or assets (18% in the United States; 15% in the United Kingdom), and 18% of adults in both countries say they would seek alternative loan products such as “Buy Now, Pay Later.”



U.S. and U.K. Adults Share Optimistic Outlooks for Personal Finances

Most U.S. and U.K. adults are optimistic about their personal finances, regardless of their feelings toward their respective national economies. While the percentage of those who feel positive about their personal outlooks is similar between both countries, U.K. adults have seen a surge in optimism over the past three years, while optimism among U.S. adults has declined since 2022.

When examining the marked change in sentiment among U.K. adults, it's important to note how inflation has impacted the U.K. economy differently than the U.S. According to the U.K. Office for National Statistics, inflation in the U.K. had risen almost continually from less than 1% in early 2021 to 11.1% in October 2022, which was a 41-year high for the country. Inflation has since cooled in the U.K. to 3.5% in April 2025.

Inflation in the United States, while still a frequently cited challenge for consumers, has been less severe than in the United Kingdom. According to the U.S. Bureau of Labor Statistics, inflation in the United States rose from 1.4% in early 2021 to a peak of 9.1% in June 2022. While inflation has fluctuated

since then, it hasn't come close to returning to its June 2022 peak. The bureau reported an inflation rate of 2.4% in May 2025.

At the same time, U.S. consumers are accumulating credit card debt at record levels with larger total balances and higher delinquency rates than consumers in the U.K. According to data from the Federal Reserve Bank of New York, credit card debt in the United States stood at a record \$1.18 trillion in the first quarter of 2025. Delinquency rates have also risen in the U.S. from 1.69% in the first quarter of 2022 to 3.05% in the first quarter of 2025. In the U.K., outstanding credit card debt was £73.2 billion (approximately \$99.1 billion) in the first quarter of 2025, and delinquency rates were at 1.4%, according to S&P Global.

Additionally, nearly three in ten (29%) U.S. adults report currently having past-due debt compared to just under one in five (19%) U.K. adults. Over one-quarter (26%) of U.S. debt holders are carrying a balance of \$25,000 or more, compared to 16% of U.K. debt holders who are carrying a balance of £20,000 (\$27,192) or more.



Knowledge of Credit Score and Overall Financial Literacy

SUMMARY

- Four in five (83%) U.S. adults say they know their credit score, compared to just over half (51%) of U.K. adults.
- Nearly half (49%) of U.S. adults report having a credit score with a “good” or “better” rating (670-850), and nearly half check their credit score monthly or more — primarily through an agency or credit bureau. Roughly half or more of U.K. adults also report having a “good” or “better” rating.
- U.K. adults check their credit scores significantly less often than U.S. adults, but U.K. adults who do check their scores are more likely to do so through an agency or credit bureau than U.S. adults.
- Despite similarities in their respective reported credit scores, nearly half (46%) of U.S. adults say they’ve been rejected for a loan or purchase at least once because of their credit score, compared to one-third (33%) of U.K. adults.



CREDIT SCORE KNOWLEDGE AND IMPACT

Credit scores reported by both U.S. and U.K. adults are comparable. About half (49%) of U.S. and U.K. (46% or higher) adults report they have a score with a “good” or “better” rating (670-850 for the United States; 531 or higher for the United Kingdom²). However, significantly more U.S. adults (83%) than U.K. adults (51%) say they know their credit score. U.S. adults also check their credit scores significantly more often than U.K. adults, with about half (48%) of U.S. adults checking it monthly or more compared to 37% of U.K. adults. Just over two-fifths (41%) of U.K. adults say they don’t know their credit scores.

When it comes to checking credit scores, significantly more U.K. adults (57%) do so through an agency or credit bureau than U.S. adults (43%) but are also less likely to check their credit scores through a credit score website or credit card company than U.S. adults.

FINANCIAL LITERACY KNOWLEDGE AND IMPACT

U.K. adults report greater financial preparedness than U.S. adults, with a greater share saying they save money consistently and have an emergency savings fund. More U.K. adults (41%) also say they live comfortably under their current income than U.S. adults (35%). However, slightly more U.S. adults say they have a retirement plan and significantly more have achieved one of their financial goals in the past year.

There is also a general lack of financial literacy among adults in both countries. Most adults in both countries say they don’t completely understand how to invest and grow money (68% U.S. vs. 72% U.K.) or how to build and maintain credit (57% U.S. vs. 67% U.K.). More than half (57%) of U.S. adults say they

don’t completely understand how to manage and file taxes. About half or fewer adults in both countries say they don’t completely understand how to create and maintain a budget (51% U.S. vs. 45% in the U.K.). Two-fifths (40%) of U.S. adults and one-third (33%) of U.K. adults say they don’t completely understand how to save money.



² The United States predominantly uses FICO credit scores, which range from 300 to 850. By contrast, in the United Kingdom, there is no universal credit score. Instead, each credit bureau (Equifax, Experian, TransUnion) has its own separate scoring system and range. For example, Equifax scores range up to 700, while TransUnion goes up to 710, and Experian goes to 999. The United Kingdom also accounts for other factors, including voter registration, when calculating credit scores.

Significantly more U.K. adults than U.S. adults say they completely understand how to save money and create and manage a budget, but significantly more U.S. adults say they know how to build and maintain credit and invest and grow money.

When it comes to building better financial habits, most adults in both countries are aligned on which tools could be most helpful. At least three-quarters of U.S. and U.K. adults said receiving incentives for creating good financial habits, receiving access to a free digital tool to check their credit score and receiving resources/information about good financial habits would be helpful.

Helpfulness of Tools for Achieving Better Financial Habits (U.S. Adults)

Very helpful Somewhat helpful Not very helpful
Not at all helpful Don't know

Receiving incentives for creating good financial habits



Receiving access to a free digital tool to check my credit score



Receiving resources/information about good financial habits



Helpfulness of Tools for Achieving Better Financial Habits (U.K. Adults)

Very helpful Somewhat helpful Not very helpful
Not at all helpful Don't know

Receiving incentives for creating good financial habits



Receiving access to a free digital tool to check my credit score



Receiving resources/information about good financial habits



Solutions for Tackling Debt and Achieving Economic Freedom

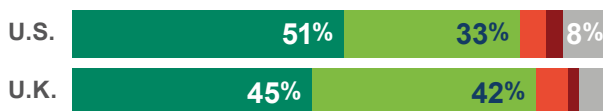
SUMMARY

- A large majority of adults in both the U.S. (84%) and U.K. (86%) recognize that having access to affordable credit is important for the broader economy. Over four in five adults in both countries also believe it's important to pay back past-due debt (81% in the U.S. vs. 87% in the U.K.).

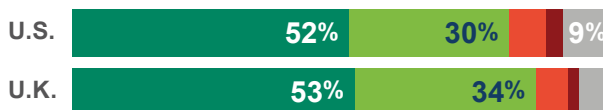
Importance of Access to Affordable Credit and Repaying Past-Due Debt

■ Very important ■ Somewhat important
■ Not very important ■ Not at all important ■ Don't know

"Access to Affordable Credit"



"Repaying Past-Due Debt"



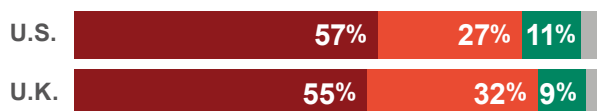
- More U.S. adults have past-due debt than U.K. adults, with 29% of U.S. adults reporting current past-due debt compared to 19% of U.K. adults. A plurality of U.S. past-due debt holders (37%) have a debt amount less than \$5,000, with a plurality of U.K. past-due debt holders (48%) holding less than £4,000 (approximately \$5,000) in balances. However, 26% of U.S. debt holders have a balance of \$25,000 or more, while 16% of U.K. past-due debt holders have a balance of £20,000 (\$27,192) or more.

- Most U.S. and U.K. adults with past-due debt report that they are in a chronic debt situation, believing all or most of their debt will take a long time to pay off. Rates of self-attributed chronic debt increase with age in the U.S. but are relatively flat across income levels. Chronic debt decreases with rising incomes in the U.K., and more Gen X adults in the U.K. with past-due debt (65%) report having chronic debt than all other generations.
- Credit card debt is the most common and most stressful type of debt for both U.S. and U.K. adults by a wide margin. Over four-fifths of adults in both countries say inflation and unexpected expenses are a barrier to eliminating past-due debt. Job-related circumstances (i.e., low pay or loss of job) are also more of a major barrier for U.K. adults, while food costs are more of a major barrier for U.S. adults.

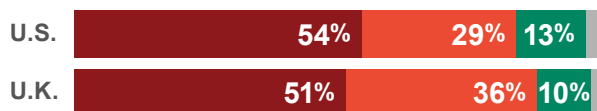
Top Barriers to Eliminating Past-Due Debt among U.S. and U.K. Adults who have/had Past-Due Debt

■ Major barrier ■ Minor barrier
■ Not a barrier at all ■ Don't know

Inflation



Unexpected Expenses



- Nearly all past-due debt holders in both countries say they plan to pay off their debts, with significantly more saying they need help paying it off than in 2022. Significantly more also say they plan to work with a debt collection company to repay their debt than in 2022. Among those who successfully paid off their debt in 2025, significantly more adults in both countries say they worked with a debt collection company than in 2022.
- At least one in five U.S. and U.K. adults say receiving a discount on debt owed, having more time to pay it off and learning better financial habits/literacy are the most helpful solutions for reducing or eliminating debt.

PERCEPTIONS AND PREVALENCE OF PAST-DUE DEBT

Most adults in both the U.S. and U.K. say having access to affordable credit and paying back past-due debt are both important to the broader economy. Among U.S. adults, those numbers have fallen slightly since 2022 but still represent the majority view, with 84% saying access to credit is important and 81% saying paying back debts is important. The share of U.K. adults who say access to credit is important to the economy has stayed roughly the same since 2022 at 86%, while those who say paying back debt is important fell to 87% since 2022.

Nearly three in ten (29%) U.S. adults currently have past-due debt, compared to just under one in five (19%) U.K. adults. However, about one in four adults in both countries have previously had past-due debt that they paid off. Nearly half (49%) of U.S. adults say they've never had nor have past-due debt, compared to 60% of U.K. adults. Among U.S. adults, 37% of Millennials have current past-due debt (37% - leading all ages and income groups), followed by those making less than \$50,000 per year (33%) and Gen Z (32%). In the U.K., 30% of Millennials and 28% of Gen Z have current past-due debt.

Percentage of Millennials with past-due debt:



U.S. adults with past-due debt owe more than those in the U.K. Close to two-thirds (63%) of U.S. adults with past-due debt owe \$5,000 or more compared to 52% of U.K. adults who owe £4,000 (approximately \$5,000) or more. Similarly, 26% of U.S. past-due debt holders owe \$25,000 or more, while 16% of U.K. past-due debt holders owe £20,000 (\$27,192) or more.

Among U.S. and U.K. adults with past-due debt, most are in a chronic debt situation, believing that most or all of their debt will take a long time to pay off. Chronic debt increases with age in the U.S., with 64% of Baby Boomers having mostly chronic debt compared to 62% of Gen X, 58% of Millennials and 36% of Gen Z. Chronic debt is relatively the same across all income levels in the U.S. By contrast, chronic debt decreases with rising incomes in the U.K. and doesn't necessarily correlate with age. Nearly three in five (57%) past-due debt holders in the U.K. earning less than £40,000 (approximately \$54,000) have mostly chronic debt compared to just 43% of those earning £75,000 (approximately \$102,000) or more. Nearly half (48%) of those earning £40,000-£75,000 have mostly chronic debt. Among past-due debt holders in the U.K., Gen X has the most chronic debt (65%), followed by Baby Boomers (57%), Millennials (50%) and Gen Z (48%).

Credit card debt is the most common type of debt in both countries by a wide margin, and roughly the same number of past-due debt holders in the United States (56%) and United Kingdom (57%) report having credit card debt.

Percentage of Adults with Past-Due Debt holding Different Types of Debt

■ U.S. ■ U.K.

Credit card



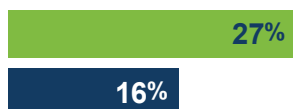
Medical bills³



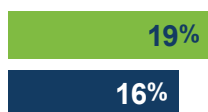
Phone/utility bills



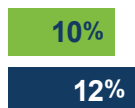
Student loans



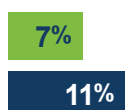
Car payment



Mortgage



Other



SOURCES OF DEBT STRESSORS AND BARRIERS TO PERSONAL DEBT REDUCTION

In addition to being the most common type of debt, credit card debt is also the most stressful by far for U.S. and U.K. past-due debt holders. Nearly two in five (39%) U.S. debt holders say credit card debt is the most stressful, compared to nearly half (45%) of U.K. debt holders. Over half of adults in both countries who say credit card debt is the most stressful say it's overwhelming to deal with. Less than half in the United States (44%) say their credit card debt amount being too large stresses them out, compared to more than one-third in the United Kingdom (36%).

Inflation and unexpected expenses are top barriers to getting out of past-due debt, according to both U.S. and U.K. adults who have or had debt. More than four in five U.S. and U.K. adults who have or had past-due debt say inflation and unexpected expenses are the top major barriers to paying off their debt. Additionally, more than four in five (83%) U.S. current or former past-due debt holders also cite food costs as a barrier, while nearly half of U.K. respondents who have or had past-due debt cite low pay (48%) or loss of job (46%) as major barriers. Less than half of aforementioned adults in both countries said childcare costs were a barrier to paying off debt.



³ Given the publicly-funded National Health Service (NHS) covers most medical expenses in the U.K., respondents in the U.K. were not asked about medical bills as a type of past-due debt they hold.

ADDRESSING PAST-DUE DEBT

Nearly all past-due debt holders in both the United States and United Kingdom intend to pay off their debt, with significantly more adults in both countries saying they need help (and a lot more of it) than in 2022. In the United States, 30% say they need “a lot” of help, 35% say they need “some” help and 22% say they need “a little” help. More than half (55%) say they plan to pay off their debt in small amounts over time, while 28% plan to create a personal payment plan and 21% plan to work with a debt collection company — significantly more than in 2022.

In the United Kingdom, fewer say they need “a lot” of help (22%) (compared to the United States), with most either needing “some” help (34%) or “a little” help (28%). Most (54%) U.K. debt-holders plan to pay off their debt in small amounts over time, while over one in four (27%) plan to create a personal payment plan, and 23% plan to work with a debt collection company — also significantly more than in 2022.

Among U.S. and U.K. adults who successfully paid off their debt in 2025, significantly more worked with a debt collection company than in 2022. In the United

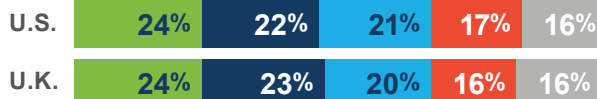
States, nearly one in four (22%) say they worked with a debt collection company to pay off debt compared to 18% in the United Kingdom. Half of adults from both countries who paid off debt said they did so in small amounts over time, while three in ten (30%) U.K. adults and over one-fourth (27%) of U.S. adults created their own payment plan.

Adults in both countries are divided over how to prioritize paying back debt. Just over one-third (35%) of U.S. debt holders are equally focused on paying off debt and other expenses, while another one-third (33%) are prioritizing paying off expenses before debts and 31% are more focused on paying off debt before expenses. Debt holders in the United Kingdom are similarly divided, with 38% prioritizing debt payments, 30% prioritizing expenses and 32% equally focused on both.

When it comes to getting help paying off debt, both U.S. and U.K. adults agree strongly on the most helpful solutions. About one-quarter (24%) of adults in both countries say receiving a discount on debt owed would be most helpful. Nearly the same number in both countries say having more time to pay off debt would be most helpful, followed by learning better financial habits/literacy. Those with chronic debt and those who say they need help repaying debt also agree that receiving a discount on debt owed would be the most helpful solution to pay off their debt, followed by having more time and learning better habits.

Percentage of Adults who Ranked Solution as #1 Most Helpful for Reducing/Eliminating Debt

- Receiving a discount on debt owed
- Having more time to pay off debt
- Learning better financial habits/literacy
- Working with a financial advisor
- The ability to pause debt repayment



Encore's Approach to Engaging with Consumers

These findings are in complete alignment with Encore's approach to supporting consumers. We work with our consumers to tailor payment plans in increments and timeframes that work for them. Midland Credit Management (MCM), Encore's U.S. subsidiary, published its Consumer Bill of Rights almost 15 years ago, and it remains the only one of its kind in our industry. It clearly defines how we will suspend collection activities when a consumer demonstrates that they are experiencing significant financial hardship due to medical issues, natural disasters, job loss or other challenges.

Similarly, Cabot Credit Management, Encore's U.K. and European subsidiary, has a Sensitive Support Team in the U.K., which includes specialists trained to work with consumers facing mental or physical illness resulting in significant financial hardship. The team's goal is to ensure a consumer's debts don't become a barrier to their physical or financial recovery or well-being. The team is able to offer payment holidays for various lengths of time while consumers get the support they need to work on their financial, mental or physical health.



DEBT COLLECTION AGENCIES: PUBLIC PERCEPTIONS AND ETHICS

Both U.S. and U.K. adults have increased trust in several groups — including financial advisors, financial institutions/banks, colleagues, government agencies, faith leaders, news media and debt collection companies — to help reduce debt compared to 2022. U.S. adults have significantly more trust in debt collection companies than U.K. adults, with nearly half (47%) of U.S. adults saying they trust debt collection companies to help reduce debt compared to 43% of U.K. adults. In both countries, trust in debt collection companies is highest among younger adults (Gen Z and Millennials) and those with acute (rather than chronic) debt. Trust in debt collection companies is also higher in the United States among low-to-middle income adults (less than \$100,000 per year).

Although a plurality of U.S. (40%) and U.K. (47%) adults view debt collection companies as having a more negative than positive impact on consumers, significantly fewer hold this perception than in 2022. About three in ten in both countries view debt collection companies as having a neutral impact, while 20% of U.S. adults and 16% of U.K. adults view these companies' impact on consumers as more positive. The view that debt collection companies positively impact consumers has significantly increased in the United Kingdom since 2022.

Fewer U.K. adults (30%) than U.S. adults (45%) say they've interacted with a debt collection company. However, the number of adults in both countries who say they've had a positive interaction with a debt collection company has increased significantly since 2022. Just over two in five (21%) U.S. adults say they've had a positive interaction with a debt collection company, and that number is highest among adults with acute debt (42%), Millennials (29%), Gen Z (25%), and middle (23%)-to-higher (22%)-income adults (\$50,000 or more per year). In the United Kingdom, 17% of adults say they've had a positive experience with a debt collection company, including 41% of those with acute debt and 37% of those with chronic debt.

When it comes to communicating with debt collection companies, U.S. and U.K. adults differ slightly in their preferences. Phone calls are the leading preference for U.S. adults (39%), followed by email (32%) and in-person (29%). U.K. adults had strongest preference for email (45%), followed by phone calls (39%) and in-person (28%). Mobile apps have gained popularity since 2022, with 19% of adults in both countries saying it's a preferred mode of communication. These preferences also vary by generation and income level, with mobile apps being preferred by more than one-quarter of younger adults (Gen Z and Millennials), adults with chronic or acute debt, and adults who need help paying back debt in both countries. However, few adults in either country said they preferred to chat with an automated chatbot, regardless of age or income level.

Preferred Ways of Interacting with Debt Collection Companies

■ U.S. ■ U.K.

Phone call



Email



In person



Mobile app data



Nearly half of U.S. and U.K. adults believe debt collection companies can help consumers pay off debts — a perception that has increased significantly among U.K. adults since 2022. Over one-third of U.S. (38%) and U.K. (35%) adults believe debt collection companies want to see consumers succeed financially, and nearly one-third or more believe debt collection companies can help consumers access affordable credit.

There are several attributes that U.S. and U.K. adults consider important for a debt collection company to be responsible and ethical. Providing flexible payment plans is the top attribute both U.S. (41%) and U.K. (56%) adults deem important for a debt collection company to be responsible and ethical, but perceptions vary beyond that. Two in five U.S. adults (40%) say that debt collection companies should offer debt forgiveness to be responsible and ethical, compared to 23% of U.K. adults. About two in five (39%) U.S. adults also say debt collection companies should have a hardship policy that helps people through unexpected issues, compared to 44% of U.K. adults. A similar number of U.S. and U.K. adults (37% and 35%, respectively) say debt collection companies should protect people's data and privacy to be responsible and ethical.





Q&A: Clare French Shares How Cabot Credit Management Builds Trust with Consumers to Help Them Find Financial Freedom

We spoke with Clare French, Head of Service Excellence at Cabot Financial (a subsidiary of Encore Capital Group) in the U.K., to hear her perspective on how Cabot builds trust with consumers.

Q: What are your interests or career goals, and how did they lead you to join Cabot?

A: One of the main reasons I came to work for Cabot almost 10 years ago was the way it treated its consumers. It starts with a strong culture of caring, builds through working collaboratively with the people we serve, and culminates in achieving our shared goal of helping consumers restore their financial health. Through this approach, we make a real difference for consumers, often in difficult times in their lives.

Q: Our Mission is to help create pathways to economic freedom. What does that mean to you? What do you think it means to our consumers?

A: Our Mission is the culmination of our shared goals with our consumers — to help make credit accessible to them by partnering with them on their journey. The simple fact is, if our consumers don't succeed, we don't succeed. They want to reset and put challenges behind them. We want to help them clear their debt in the shortest affordable time and in a manner that works for them.

Our Mission isn't just a slogan, poster or mouse mat. It's a framework for every decision we make. Each time we work with a consumer, we ask ourselves, are we engaging with honesty, empathy and respect? Have we delivered our very best? Are we treating them how we'd want to be treated?

Q: What unique role do you, as Head of Service Excellence, and your team play in helping consumers create pathways to economic freedom?

A: The teams within Service Excellence help to improve consumer experience by addressing dissatisfaction promptly and effectively. We identify and resolve issues that hinder customer satisfaction through root cause analysis. By doing so, we enable consumers to have smoother experiences and more trust in our business. By continuously analyzing consumer feedback and refining processes, my teams contribute to ongoing improvements in services, ultimately increasing their satisfaction.

Q&A: Clare French Shares How Cabot Credit Management Builds Trust with Consumers to Help Them Find Financial Freedom (Continued)

Q: Would you share a time when you experienced caring, finding a better way to achieve something, or being inclusive and collaborative at Cabot?

A: The colleagues working in the Service Excellence department demonstrate every day how much they care, not only toward each other but toward our consumers. Demonstrating care towards consumers involves a combination of actions, communication and genuine empathy. They do this every day by actively listening to them, providing prompt responses and personalizing those responses to ensure we are treating each consumer as an individual.

Q: In one word, how does our Mission of creating pathways to economic freedom make you feel?

A: Inspired

Q: What message would you give to consumers who are facing financial challenges and may be hearing from Cabot for the first time?

A: If there's one message I wish every consumer could hear, it would be to please know you can communicate with us from the start. When that happens, it opens the path to

making good on your debt and restoring your credit. It also opens a path for you to share with us if you're facing a hardship, which we can address together. Many of the concerns and misunderstandings consumers have about debt collection could be resolved if they simply knew we're there to support them.



What it Means to Achieve Economic Freedom

SUMMARY

- Being debt-free is the top definition of economic freedom for over one-quarter (27%) of both U.S. and U.K. adults.
- Regardless of how they define it, slightly more U.S. adults put economic freedom at the top of their life's priority list than U.K. adults. However, when it comes to being debt-free, the split is nearly even, with 42% of U.S. adults and 41% of U.K. adults putting it at the top of life's priority list.

Achieving economic freedom is a top priority for:



who define economic freedom as “**being debt-free**”

- A larger number of U.S. adults compared to U.K. adults view several resources like having a strong credit score, flexible and manageable ways to resolve debt, and budgeting services as important for achieving economic freedom. However, more U.K. adults believe strong financial literacy is an important tool for achieving economic freedom than U.S. adults.

- Compared to older generations, more Gen Z and Millennials in both countries believe having resources such as budgeting services, mobile access to financial information, a financial advisor, and a network of people with similar financial goals are important to attaining economic freedom.



THE UNIVERSAL IMPORTANCE OF ECONOMIC FREEDOM

Most U.S. adults define economic freedom as being debt-free (27%), having peace of mind/reduced stress (23%) or having independence over their time and purchasing (19%). U.S. adults across ages and most income groups are largely aligned on the top meanings of economic freedom. Only those with high incomes (\$100,000 or more) view having independence over their time and spending as their top definition of economic freedom.

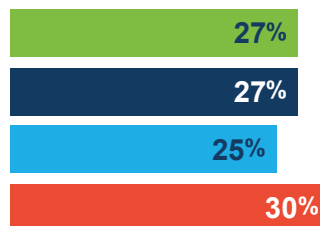
Similarly, most U.K. adults define economic freedom as being debt-free (27%), having independence over their time and purchasing (23%), or peace of mind/reduced stress (19%). Only Gen Z and high-income adults (£75,000 or more) view having independence over their time and spending as their top definition of economic freedom. More U.K. respondents (9%) choose improved quality of life as their top meaning of economic freedom than those in the United States (7%), while more U.S. respondents (9%) choose being able to handle emergencies as their top meaning of economic freedom than those in the United Kingdom (7%).

In terms of prioritizing economic freedom, 42% of U.S. adults and 41% of U.K. adults who mostly equate economic freedom with being debt-free place economic freedom at the top of their priority list. In general, more U.S. adults than U.K. adults place economic freedom at the top of their life's priority list regardless of how they define it. The most significant differences for prioritizing economic freedom were among adults who view economic freedom as having peace of mind/reduced stress (46% U.S. top priority vs 36% U.K. top priority) and adults who view economic freedom as having independence over their time and purchasing (45% U.S. top priority vs 36% U.K. top priority).

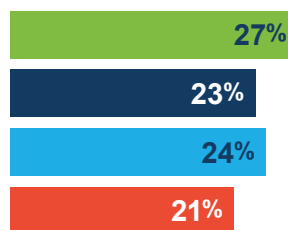
Top Selected Definitions of Economic Freedom (U.S. Adult Generations)

■ Gen Z ■ Millennials ■ Gen X ■ Boomers

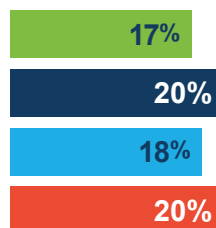
Being debt-free



Having peace of mind/reduced stress



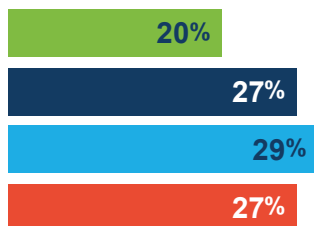
Having the independence to do/buy what I want



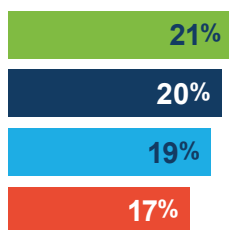
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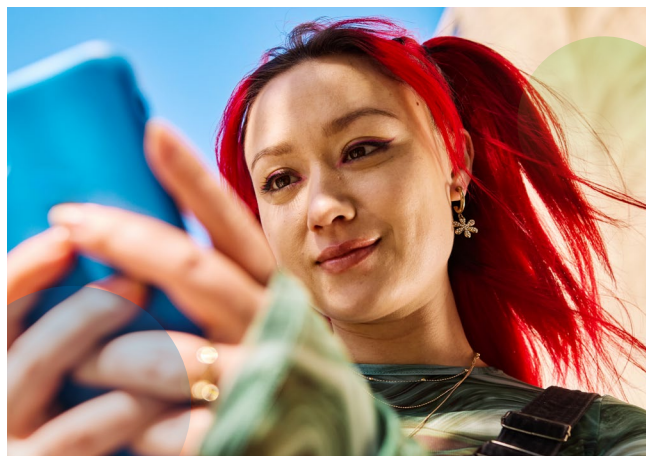
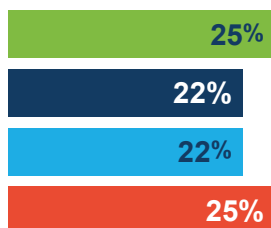
Being debt-free



Having peace of mind/reduced stress



Having the independence to do/buy what I want



HOW TO ACHIEVE ECONOMIC FREEDOM

When it comes to achieving economic freedom, most U.S. (87%) and U.K. (88%) adults agree that setting clear financial goals for themselves is somewhat or very important. However, adults in both countries differ slightly in their views of other tools and resources important to achieving economic freedom. More U.S. adults (87%) place importance on having a strong credit score than U.K. adults (81%), while more U.K. adults (87%) place importance on having strong financial literacy than U.S. adults (83%).

Top Financial Goals:

Reducing/Eliminating Debt

21%
of U.S. Adults

22%
of U.K. Adults

Having an Emergency Fund

24%
of U.S. Adults

31%
of U.K. Adults

Gen X and Baby Boomers in both countries believe having budgeting services, mobile access to financial information, a financial advisor, and a network of people with similar financial goals are important to attaining economic freedom. Compared to U.S. Millennials, significantly more U.K. Millennials (86% and 85%) respectively say budgeting services and mobile access to financial information are important for achieving economic freedom.

While U.S. and U.K. adults agree on the importance of setting clear financial goals for themselves to attain economic freedom, they differ in which goals they're currently prioritizing. A plurality of U.S. adults across ages and nearly all income groups report having an emergency fund or reducing/eliminating debt are their top financial goals. More younger U.S. adults prioritize saving for a home (17% of Gen Z and 15% of Millennials), while older adults (21% of Gen X and 23% of Baby Boomers) and high-income adults (\$100,000 or more) (26%) are more focused on saving for retirement.

Significantly more U.K. adults (31%) prioritize having an emergency fund as their top financial goal than U.S. adults (24%), especially those who are older (43% U.K. Baby Boomers) or low-income (34% U.K. £40,000 or less). U.K. adults also place significantly less importance on improving their credit scores (7%) or saving to improve their professional skills (5%) than U.S. adults. U.K. Gen Z (21%), Millennials (26%), and Gen X (23%) place greater importance on reducing/eliminating debt than those in the U.S., while significantly more U.K. Baby Boomers are prioritizing saving for retirement (27%) as their top financial goal compared to Baby Boomers in the United States (23%).



Looking Forward: How Encore Will Leverage Economic Freedom Study Findings

Encore not only helps create pathways to economic freedom for the consumers we work with, but also for our colleagues and people in our communities. We're proud that our efforts align with what we learned in this study — that consumers prioritize being debt-free to achieve economic freedom, that they value time and flexibility to pay off debts, and that they're building trust with institutions and companies like ours to help reduce and eliminate their debts.

As we look forward, we will continue meeting consumers where they are and delivering the help and resources needed for them to find a path to economic freedom. That means continuing our strong track record of ethical consumer treatment, leading with empathy and suspending collection activities for those facing significant financial hardship.

We will also continue our work in our communities to help foster financial literacy through our partnerships with organizations such as [Junior Achievement](#), a global non-profit dedicated to giving young people the knowledge and skills they need to own their economic success, plan for the future and make smart academic and economic choices. Through this partnership, Encore extends financial support to Junior Achievement chapters in Phoenix; Roanoke, Virginia; San Diego; St. Cloud, Minnesota; and Troy, Michigan. We also donate employee volunteer time to these chapters so that our colleagues can use company time to deliver financial literacy lessons to young people involved with Junior Achievement.

Earlier this year, Encore [expanded our partnership with Junior Achievement](#) to include Fundación Junior Achievement España, the organization's entity in Spain and a member of JA Worldwide. We also launched a partnership with Junior Achievement in Costa Rica. In addition to extending financial support to Junior Achievement's Spanish and Costa Rican entities, we will donate employee volunteer time so that colleagues with Cabot Financial Spain and MCM Costa Rica can support the organization's mission to reach young people in both countries with financial literacy lessons.

In addition to partnering with organizations that promote financial literacy, we will also continue community outreach efforts with our own programs. In India and Costa Rica, we will continue our Money Matters program, which promotes financial literacy by having employee volunteers teach high school and college students about credit and the basics of personal finance.

In the United Kingdom, we will continue our [Skills 4 Bills®](#) program, which provides an experiential way of teaching youth money skills in primary schools. Through an interactive game, employee volunteers help students learn how financial decisions may impact their lives.

These efforts reflect our deep commitment to empowering people with the knowledge, tools and support they need to achieve economic freedom. We're proud of the progress we've made — and we're even more committed to the work ahead.

ENCORE CAPITAL GROUP[®]

Better solutions. Better life.

About Encore Capital Group

Encore Capital Group is an international specialty finance company that provides debt recovery solutions and other related services across a broad range of financial assets. Through our subsidiaries around the globe, Encore purchases or services portfolios of receivables from major banks, credit unions and utility providers.

Through Midland Credit Management and its domestic affiliates (MCM), we're a market leader in portfolio purchasing and recovery in the U.S. Through Cabot Credit Management and its subsidiaries and European affiliates (Cabot), we're one of the largest credit management services providers in Europe and the U.K.

More information about the company can be found at encorecapital.com.